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INDIAN LEGISLATIVE ECONOMICS

OR

TOWN *versus* COUNTRY:

BEING A SUMMARY AND SELECTIONS FROM THE
OFFICIAL REPORTS OF CERTAIN DEBATES ON
ECONOMIC SUBJECTS IN THE COUNCIL OF STATE
AND INDIAN LEGISLATIVE ASSEMBLY DURING
THEIR FIRST SESSIONS AT DELHI, 1921, WITH A
PREFACE AND A FEW NOTES.

BY

E. L. PRICE, B A. (Oxon),

Barrister-at-Law, O.B.E., M.L.A.

SECOND EDITION.

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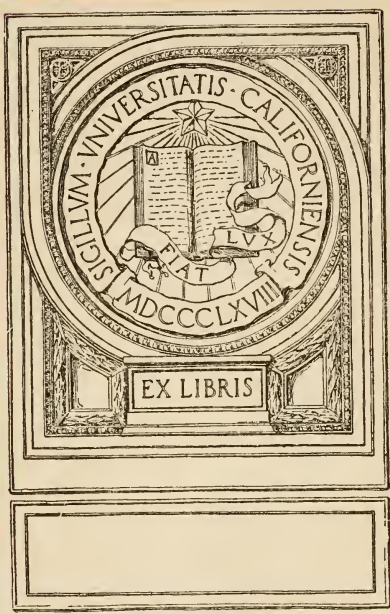
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INDIAN LEGISLATIVE ECONOMICS.

OR

TOWN versus COUNTRY.

P R E F A C E .

I. After the prorogation of the first session of the Reformed Indian Legislature, I spent some time in comparing the official reports of the proceedings with various newspaper reports.

I came finally to the conclusion that if Parliamentary Institutions in India are in their infancy, as we are repeatedly told, Parliamentary Reporting in India is an art as yet unborn.

This is hardly to be wondered at, for a little consideration will show that the need for reporting in the real sense of the word had hardly previously existed in India.

To begin at the top, I am told that in the old Viceroy's Legislative Council the Members, "so great was their sense of responsibility," invariably read their speeches from type or manuscript. The written word being available, there was no need for reporters and stenographers to task themselves very highly.

Much the same style of thing obtained in the Morley-Minto Provincial Legislative Councils. The reporters, official and otherwise, could usually depend on the orator to supply them with a copy of the *litterae scriptae* of his eloquence ; in the alternative he would kindly expand, elaborate and beautify such notes as the reporters had made.

Probably, the nearest thing to real Debate was to be found not in the old Councils, but at Municipal and District Board meetings. But there the reporting was usually sketchy and incomplete, for there was little public demand for full reports.

And most public speakers in India must, I think, have experienced the embarrassment of being chased by an eager-eyed young reporter, who could not but believe that there must be concealed somewhere on the speaker's person the full manuscript of a speech just delivered.

A curious instance of Indian reporting occurred when His Excellency Lord Reading landed in Bombay, and he made a speech *ex tempore*.

I hesitate to say no paper *could*, but certainly no paper *did* produce a reliable version of that speech for some days.

There is not a town of 100,000 people in England but could and would have reproduced such a speech *verbatim*, in print within a few hours.

Yet Bombay is *urbs prima in Indis*.

I am told it is a dangerous thing to criticise the Press. I do not think so. I honour the Press too highly for its honesty and independence to believe for one moment that it will resent a clear statement of fact from any quarter.

And the fact is that in the Legislative Assembly a real system of debate has leaped into life, and has caught the Press unawares.

This is of course only a passing phase. The Press in India can be relied on to grasp and deal with the situation next Session.

And I hope too Government will, in the future, give the Press better accommodation, especially seats where they can hear, as they could not in Delhi.

I may remind the reader that the popularity of the reformed House of Commons and the recognition of its great personalities by the masses of England were wholly due to the work of the Press in England last Century.

In this connection one cannot but recall the fine work of "Toby, M. P." and the sketches of the late Mr. Harry Furniss in "Punch."

O for a "Toby, M. L. A." in India ! He would not lack material.

The public already would probably identify the Hon. Mr. So-and-So as Mr. Micawber in financial difficulties and "waiting for something to turn up"; somebody else as the benign *Paterfamilias*; "Charley Chaplin"; Colossus; The Boy Scout; the Chorister; the Wasp; "Marcus Polo"; The Bart; the Old Un; The Good Boy; "Will Crooks" The Colonel; The Jedge; The Lion of Nagpur and Little Boy Blue, to say nothing of Mombay Dux and the Shikari.

All jesting apart, if I lay so great stress on the need of adequate popular reports of the Assembly's proceedings, such as certainly two or three papers began to give at the end of last Session, it is because I hold that Parliamentary Institutions depend for their efficiency on publicity.

Healthy the infant may be ; it depends for its nurture, development and growth on the sustenance by report that the free and honest Press alone can give it. And I ask that Press to take these remarks not so much as criticism of the past as an appeal for that sustenance in the future.

II. I had not sat in the Assembly for a two months session without realizing the House was wholly for " Protection " at any cost.

It did not need further study of the Debates I had heard to convince me of this. I hope my colleagues in the Assembly will give me credit for sincerity and loyalty to India's economic interests, even though I differ from the views of the majority on certain economic theories and their particular application to India.

I might summarize the three schools of economic principle as follows:

FREE TRADE,—the school that aims at the cheapest supplies the world can give consumers regardless of all other considerations, by a policy of absolute non-interference ;

FAIR TRADE,—the school that aims at trying to hold the scales between producers and consumers by means of legislative enactments for the supposed benefit of both

PROTECTION,—the school that aims at assisting home producers by means of tariffs to do well for themselves against consumers with a view to increasing home production, regardless of cost to the consuming individual.

These three schools of thought are struggling for supremacy in every Legislature in the world.

There are perhaps some members of our Assembly who are not whole-hearted followers of either school : there are, as far as I can see, few if any *Free Traders*, and not very many *Fair Traders* ; a distinct majority are convinced *Protectionists*.

But curiously enough there is one marked lapse of principle among them, and that is with regard to India's oldest and greatest industry,—Agriculture.

The result is that such members are quite prepared by legislation to cause the cost of everything the Agriculturist *buys*, whether cloth, oil, machinery, building material, sugar, soap and sundries to rise, all in the

interests of home industrial producers ; but they are not prepared to give the Agriculturalist the benefit of the same principle when he *sells* ! The control of exports, 9 crores extracted from the growers of rice in Burmah, and 90 lakhs from the Punjab wheat-cultivators ; Budget estimates for taking 50 lakhs from tea-growers and 100 lakhs from cultivators and herdsmen by means of export taxes on Hides and Skins, though Government through the mouth of Mr. C. A. Innes has admitted :—

“ with an export tax you can never be sure that the incidence of the tax will not fall upon the producer ”

(*vide* page 94) are all examples of this tendency.

III. From all this I deduce that an economic conflict is imminent between the cultivators and the industrialists of India, and that the dice are loaded in favour of the industrialists because the agricultural interests threatened are not awake to the situation, a situation which if prolonged will give everybody in India chances to improve their economic position except the people on the land,—except the great majority ! In my own mind I feel assured, that, owing to the facts mentioned already the Public is to a great extent ignorant of this aspect of things.

Not even the official reports of the Council of State and the Legislative Assembly are available ; many numbers are already out of print and in any case they are too voluminous for general reading. Thus it occurred to me that it would be an extremely useful thing to reproduce the Official Reports of debates on such economic subjects in handy form and this publication is the result.

IV. Its sub-title I think will be justified not by this preface but by its later contents taken from the Official Reports. And to give credit where it is due, I must needs mention the excellent work done by the Government Official Reporters. True they had every facility, a table placed where they could hear and frequent reliefs, but every Member of the Assembly I heard mention the subject commended their work. And I think this tribute to their skill and devotion, without which this little book could not have been produced, will not be ungrateful to men who worked so hard and so well under so great a strain as some of the sittings of the Assembly undoubtedly involved in its first Session

INTRODUCTION.

It is not everywhere realised that with the passing by Parliament of the Government of India Act of 23rd December, 1919 (9 and 10 Geo. V, ch. 101), the peoples of India were given in effect complete fiscal autonomy.

The reformed India Parliament—The Council of State and The Legislative Assembly—were opened by H.R.H. The Duke of Connaught, and met for the first time at Delhi in February, 1921. At these first sessions Indian Legislators for the first time exercised their newly-acquired powers in connection with both the control of trade and the imposition of Export and Import Duties.

When it is remembered that the foreign trade alone of India may be valued at approximately three hundred millions sterling per annum, it becomes obvious that India's fiscal policy is a matter of very great importance not only to the peoples of India, but also to the peoples of Britain and of those foreign countries with whom India regularly trades.

Examining pre-war figures—those of the five years ended 31st March, 1914—we find that India's oversea trade was carried on in the following directions :—

To and from				India's Exports.	India's Imports.
The United Kingdom	..	..	..	25%	63%
Other parts of the British Empire	..		..	17%	7%
Total	..	..	..	42%	70%
Foreign Countries	..	..	..	58%	30%
Total	..	..	..	100%	100%

The relative values of the foreign trade involved may be gauged by taking India's *exports* of merchandise at about £170,000,000 per annum, and her *imports* at £130,000,000 per annum, the difference being made up of imports of the precious metals in the form of bullion and specie. (The above figures are all based on pre-war totals and prices.)

CONTROL OF TRADE.

The first portion of this book—pages 1 to 88—gives *verbatim* the speeches made at Delhi in the Council of State and in the Legislative Assembly in February last on the subject of the Control of Trade, chiefly in connection with the restrictions on the export of Rice (pp. 1 to 27), Food Grains (pp. 27 to 55), Coal (p. 56), and Cattle (pp. 71 to 87). The life of a war measure designed to give to Government control for the duration of the war and six months after—**THE IMPORT AND EXPORT OF GOODS ACT, 1916**—over all exports and imports, was, after some opposition, extended to the 31st March, 1922 (*vide* pp. 68 and 71).

CATTLE.—An effort was made to prohibit the export of cows, bullocks, and buffaloes from British India to any foreign country (p. 71), but wiser counsels prevailed, and the Resolution finally passed recommended Government to prohibit the export of good breeds of cattle from British India to any foreign country when the Government is satisfied that the stocks of such breeds are being unduly depleted (p. 87).

COAL.—Exports of Coal are prohibited (p. 56), but steamers leaving India are allowed to take limited quantities in their bunkers (p. 56).

FOOD GRAINS.—The Legislative Assembly resolved to recommend Government to remove forthwith all restrictions on the export of food grains from India (*vide* p. 53, see also pp. 54 and 55).

RICE.—An attempt was made to obtain the removal of the restrictions on the export of rice from India to Ceylon and the Straits Settlements (p. 1), but after a lengthy debate, in the course of which Government pointed out that the supplies of rice available were still below normal, and that it was, therefore, desirable to conserve stocks for the benefit of the Indian consumer, the proposal was withdrawn (p. 26).

EXPORT DUTIES.

A study of the *verbatim* debates on the present Indian Export Duties (pp. 89 to 129) reveals some very curious and interesting points of view. Efforts to impose export duties on Myrabolans and to remove the existing duties on Hides and Skins and Tea both failed.

HIDES AND SKINS.—An export duty of fifteen per cent. *ad valorem* was imposed by the Government of India in 1918 “not as a revenue-producing measure, but partly for the purpose of fostering the tanning industry in India, and partly for keeping a key industry within the Empire” (p. 117). Of this fifteen per cent., Government took five per

cent. on export and a bond for ten per cent., If the exporter could produce within six months (afterwards extended to two years), a certificate that the goods had been tanned within the British Empire, then the bond was cancelled ; otherwise the exporter was called upon to pay the balance (ten per cent.) of the Export Duty. Indian tanneries do not appear to have benefited by the duty as expected (p. 113). Nor does tanning within the Empire seem to have been encouraged. On the contrary, Great Britain's *entrepot* trade is said to have suffered (p. 113). It was proposed, therefore, to discontinue this Export Duty altogether (p. 108). Government protested that the admittedly depressed state of the Hides and Skin trade had not in any way been brought about by India's Export Duty, but by world conditions. Moreover, the removal of this export duty would mean the loss of a crore (one hundred lakhs—Rs.1,00,00,000) of revenue (p. 117). Were all duties to be removed because trade happened to be in a bad way ? The motion to take off the fifteen per cent. Export Duty was eventually lost after a very informative debate (*vide* p. 121).

MYRABOLANS.—A proposal was made by an Indian Member of the Legislative Assembly to impose an export duty on Myrabolans on the grounds that such a duty would “ bring in more money ” for Government (p. 93), and stimulate the tanning industry in India (p. 93). After a short debate, the motion was negatived (p. 96).

TEA.—Sir Frank Carter (Calcutta) proposed the removal of the present Export Duty on Tea on the grounds that (a) Ceylon was trying to do away with its export duty ; (b) the tea industry now pays income tax (which it did not do when the export duty was first imposed) ; and (c) the tea industry was at present on the verge of bankruptcy (p. 97). A very interesting debate followed (pp. 99 to 108). Government opposed the removal of the export duty on the ground that the slump in the tea trade had not in any way been caused by the Indian Export Duty, and that Government could not afford to lose half a crore (*i.e.*, Rs.50 lakhs) of revenue which its removal this year would involve. Other Members pointed out that the piece goods trade had lost very heavily, but that was no reason for Government taking off the import duties on piece goods (p. 105). The motion to discontinue the Export Duty on Tea was eventually negatived (p. 108).

IMPORT DUTIES.

Over sixty per cent. of India's overseas purchases are made from the United Kingdom. The recent imposition by the Indian Parliament of

an **IMPORT DUTY OF ELEVEN PER CENT.** for revenue purposes (*vide* p. 139, also the Finance Member the Hon. Mr. Hailey's statements on pp. 185, 192, to 194) on the majority of manufactured goods coming into India, cannot but arouse the widest attention in the United Kingdom, especially in Lancashire, whose manufacturers find their chief market in India.

A brief examination of the speeches made by Indian Members (*vide* p. 137 and onwards) will reveal the fact that the Indian Legislative Assembly is strongly protective in feeling. One Member, Rai J. N. Majumdar Bahadur, regards the increased import duties as "silver linings" to the Budget (p. 137). Another, Mr. Naraindas Girdharidas, believes that the peoples of India "welcome these higher import duties" (p. 139), whilst a third, Raja Sivanandan Prasad Sing, congratulates Government on the higher import duties, which "will afford protection to Indian industries." Perhaps the most astonishing motion was that of Mr. R. A. Spence (representing the Europeans of Bombay), who proposed to increase the eleven per cent. import duties for which Government had asked, to **TWELVE AND A HALF PER CENT.** on the grounds that the increase would give Government an additional one and a half crores of rupees (Rs. 1,50,00,000) of revenue, and at the same time possibly check imports to some extent, thus tending to restore the balance of trade in India's favour (p. 183). This astonishing proposal to give to Government more than Government themselves had demanded was debated at some length (p. 185 and onwards) and was only finally negatived after a Division—56 to 21—(pages 195-196) and after the Finance Member had reiterated his statement that Government really did not require this additional money at the moment ! (Pp. 185, 192, 193, and 194.)

AGRICULTURAL INTERESTS.—But few Members of the Legislative Assembly have so far revealed active sympathy with the needs and interests of the agricultural classes, who form over seventy per cent. of the population of India. Mr. C. A. Innes, on behalf of the Government, stated that Government are "strongly opposed to artificial restraints on trade" (p. 173). Lieut.-Colonel H. Gidney regarded increased import duties with misgivings (p. 140). Mr. E. L. Price pleaded vigorously for the removal of all restrictions on the export of Indian produce (p. 87), whilst Mr. J. Chaudhuri strongly opposed all import taxation that would be likely to recoil on the poor (p. 176).

COTTON PIECE GOODS.—The Indian Import Duty is now eleven per cent. *ad valorem*, and was imposed with the unanimous approval of

both Houses. If the remarks of Sir P. S. Sivaswamy Aiyer may be accepted as a guide (p. 143), the duty on Manchester goods would be raised still higher if some of the Indian Members could be given a free hand !

MATCHES.—The increased import duty on matches was accepted *nem. con.* Sweden and Japan will be the countries chiefly affected (*vide* p. 182).

MOTOR SPIRIT (PETROL, etc.).—A motion to remove the Customs and Excise Duty of six annas a gallon on Motor Spirit was negatived in the Council of State on Government explaining that they needed the revenue, and thought motor spirit users better able to pay than certain other sections of the public (pp. 130, 136).

SILVER.—An effort made in the Assembly to continue the import duty on Silver so as to check imports of the white metal, assist in turning the balance of trade in India's favour, restore the sterling value of the rupee, and facilitate the placing of India's currency on a gold basis, was negatived after a brief discussion for reasons explained by the Finance Member (*vide* pp. 157 to 167).

SUGAR AND MOLASSES.—Government proposed to raise the Import Duty on Sugar and Molasses from Ten to Fifteen per cent. A Motion was introduced into the Legislative Assembly by a private Member to increase the Import Duty to TWENTY-FIVE PER CENT. with the objects of securing more revenue for Government and encouraging the sugar-refining industry in India. After a brief discussion the Motion was withdrawn (pages 178 to 182). The duty is now Fifteen per cent. *ad valorem*.

TEXTILE MACHINERY.—An attempt to exclude imports of textile machinery and stores from the increased import duty (with the object of stimulating the Indian spinning and weaving industry), was defeated after Government had pointed out that Bombay Cotton Mills had recently paid dividends ranging from 22 to 128 per cent. (*vide* p. 156).

YARN (COTTON TWIST).—Yarn pays no Import Duty in India, and Government proposed to continue to keep Yarn in the free list. A Motion was introduced to bring Yarn into the same category as Cotton Piece Goods, and be subject to an Import Duty of Eleven per cent. (p. 168). In support of this proposal the following advantages were put forward :—(a) Increased revenue for Government, (b) encouragement for the Indian Spinning Industry, and (c) a check to Japanese yarn importa-

tions made from Indian raw cotton (pp. 168-170). Government replied that the desirability of providing for ample supplies of cheap yarn for the Indian Hand-Loom Industry over-rode all other considerations. (It is estimated that there are between 2,000,000 and 3,000,000 hand-looms being regularly worked in India.) The Assembly supported this view, and the Motion was withdrawn (p. 175).

INDIAN EXCISE DUTIES.

The remark of one prominent Member of the Legislative Assembly that it would be creditable to Government to end the Excise Duty on Indian power-manufactured cotton goods, and of another Member that during the last sixteen years he had never heard any dissentient from this view (*vide* p. 142 and footnote thereto), foreshadows the early removal of the Indian Excise Cotton Duty.

INDIAN FISCAL COMMISSION, 1921-1922.

Government, in reply to a Question, announced in the Legislative Assembly that an Indian Fiscal Commission would be appointed . . . "to examine with reference to all interests concerned the Tariff Policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations" (p. 136).

The Commission, under the chairmanship of Sir Ibrahim Rahimtoola, Kt., C.I.E., a Member of the Bombay Government, will assemble in Bombay early in November, 1921, tour India and Burma to take evidence during the subsequent four months, and make its recommendations about April next.

AN INDEPENDENT INDIAN PARLIAMENT.

At the close of the First Session of the Indian Legislative Assembly, Mr. Eardley Norton voiced the feelings of Members when he expressed the determination of the Assembly to control its own Finance and Fiscal Policy (p. 199 and onwards). Dr. H. S. Gour's confirmation of this attitude, and Government's frank recognition of the situation, and of the moderation and sound sense with which the Assembly had dealt with the first Budget Statement and first Finance Bill placed before it, form a fitting and satisfactory conclusion to the *verbatim* extracts from the Council of State and Legislative Assembly's proceedings here reproduced.

OFFICIAL RECORDS PARTLY OUT OF PRINT.

It may be mentioned in conclusion that several issues of the Official *verbatim* Reports of the First Sessions of the Indian Council of State and Indian Legislative Assembly are now out of print. Those who are interested in the trade of India and in the Fiscal policy now about to be shaped in this country, will find the material given in this pamphlet (which has been reprinted from the Official Reports) a convenient and possibly the only easily obtainable source from which to study the views and speeches delivered in India's newly-created Parliament.*

* Publishers' Note. 20 October, 1921.

CONTROL OF EXPORTS.

“ Burn down your cities and leave our farms, and your cities will spring up again like magic.

But destroy our farms, and grass will grow over the streets of your cities.”

(The *late* Hon. C. J. Smythe of Natal.)

COUNCIL OF STATE.

16th February 1921.

RESOLUTION *RE* : EXPORT OF RICE.

The HONOURABLE MR. MARICAIR : I beg to move the Resolution that stands in my name :

‘ The Council recommends to the Governor-General in Council that the restrictions imposed on the export of rice from India to Ceylon and the Straits Settlements be removed forthwith.’

In doing so, I wish to make a few observations. This is a matter that affects a large number of British Indian subjects who are domiciled in the Colonies of Ceylon and the Straits Settlements. They have been habituated to eating boiled rice grown in India and which was allowed to be shipped to these Colonies freely. Since the restriction imposed by Government on the shipment of rice for the last two years, Indians in these Colonies have undergone a great deal of suffering by eating Burma rice and other inferior kinds of rice. As a matter of fact they have had a great deal of difficulty in getting a sufficient quantity even of this inferior rice. Several of them have starved and died. Well, Sir, they have experienced enough of troubles for the last two years when the Government imposed such restrictions on the shipment of rice on account of the failure of crops in India. Now that normal conditions prevail and a surplus of grain is available, I do not see any reason why there should be any restriction of shipment at all. I may mention for the information of the Honourable Members of this Council that the Government of India have recently removed the restriction on importation of rice from Burma, and merchants have consigned a large quantity of rice to all ports throughout India, and I may add that a large stock of that rice is lying undisposed in all the ports. This clearly shows that India has a large and surplus quantity than is required for its own consumption. I am not unmindful of the fact that the Government of India have recently issued a Press Communiqué to allow shipment of 15,000 tons of rice to Ceylon from the Ports of Negapatam, Tuticorin and Dhanushkodi during the quarter ending 31st March, 1921. The shipment of rice and the selection of shippers were left with the Ceylon Government, and that Government have not done anything in the matter until the beginning of February and I may say that no shipment whatever has yet been made as the Government

of Ceylon have only recently issued permits. I may further mention; or the information of the Honourable Members of this Council, that the Government of India have taken the responsibility of importing rice from Burma and selling it in foreign countries for a high price. I do not know whether the Government of India or any Local Government are justified in thus interfering with the trade of the country which is open to all merchants. This is the position so far as Ceylon is concerned.

Now I shall go into the question of Indian subjects domiciled in the Straits Settlements and the Federated Malay States. The situation here is so grave that no concession whatever has been allowed in this part of the country. I have been getting several representations from the people of this country with a view to help them in supplying them with the boiled rice they have been usually getting from India. My endeavours in this direction with the Local Government have proved a failure. Now, Sir, I have been given an opportunity to represent the grievances of the commercial public before this Council. It is all well and good for Government to restrict exportation of rice out of India when India itself is wanting rice for its own consumption. I do not see any reason why any restrictions should be imposed when India has a surplus to spare. To prove my statements, I beg to be permitted to read the two telegrams I received from the President, Import Grain Merchants' Association, Karachi, and Rice Merchants and Zamindars of Sind and a letter received from the Rice Merchants of Calcutta. The telegram from the President,* Import Grain Merchants' Association, read thus :—

'My Association most humbly pray for immediate abolition of restrictions on export of rice to Ceylon, Zanzibar, East Africa and all other Persian Gulf Ports in view of normal conditions prevailing and prices fallen all round. The present allotment system has hit hard on poor farmers, cultivators, zamindars and stockholders; since our Deputation at Simla last August old rice heavy stocks lying undisposed and decaying pray very careful consideration of all matters and absolute freedom of rice export as Sind suffering very heavily.'

*NOTE.—In 1920 Government had made large sums by selling licenses, to ship rice from Karachi, by competitive tender. By this time they were *giving* small licenses for shipment without charge to "recognised shippers." These gentry of course made fabulous profits at the expense of the cultivators on the one hand and on the other of their unfortunate compatriots settled along the Gulf.

E. L. P.

The next telegram from the Zamindars and Rice Merchants of Sind, Larkana, read thus :—

The HONOURABLE THE PRESIDENT : Could not the Honourable Member state the substance of the telegram ? That will shorten the matter.

The HONOURABLE MR. MARICAIR : There was a similar telegram which I received and the Council will be interested to hear what it says.

'Fifty thousand tons lying undisposed and rotting ; new crops abundant and so on.'

I presume Honourable Members of this Council have received a similar letter to the one which I have received referring to the relaxation of restrictions.

The Honourable Members of this Council are well aware that the Government of India have created the offices of Director of Civil Supplies in all the important Provinces, and I have had the honour of being one of the members of the Committee in Madras. When the question regarding the relaxation of restriction on export of rice was brought to the notice of the Committee last year, it was I who opposed the proposition as it was not the proper time for us to take such action when the import of Burma rice was not allowed freely. Now, Sir, as the import of Burma rice is allowed freely and that a large stock is available in India, I took the liberty of bringing this Resolution before this Council, appealing on behalf of several thousands of Indian subjects under His Majesty's Indian Government, domiciled in those Colonies. Perhaps it may be said that there is no representation made by any foreign Governments as was done by the Ceylon Government. I may say that the foreign Governments are not so much interested in Indian subjects as we are. Finally, I may mention that if the Government still insist upon the retention of the restriction, it will not only be a great hardship to the Indian people domiciled in those parts, but it will also be a serious loss to the various classes of people in India. It will be a loss to the cultivators; it will be a loss to the labourers; it will be a loss to the mill-owners who have invested millions of rupees in erecting the rice mills in various parts of India. It will be a loss to the boat owners; it will be a loss to the ship owners; and on the whole, it will be a loss to the commercial public. Why should the Government be the cause of all these losses? Why should the Government stand in the way of people having their own free trade? As a matter of fact the Government in their Communiqué issued in the year 1918 establishing Ship Building Committees in all the Provincial Governments

I had the honour of being one of the members of the Committee in Madras. The Committee induced in various ways private persons to build more ships and accordingly a large number of sailing ships was built by merchants relying upon the Government's support. At this stage the Director of Civil Supplies came in the way by issuing an order that no rice should be brought by sailing ships from Burma to India except by steamers. This order of prohibition has caused a great commotion among the merchants and ship owners and put them to a serious loss. I may say in one word that all these losses are due to the creation of the offices of the Director of Civil Supplies and his order prohibiting the export and import of rice, etc. Under these circumstances, it is high time, Sir, that the Government should remove these obstacles and allow India to take up its own free trade. With these few remarks I commend my Resolution for the acceptance of the Government.

THE HONOURABLE THE PRESIDENT : I think it would be convenient to Honourable Members, in considering this Resolution, if I call upon the Honourable Mr. Chettiyar to move the amendment which stands in his name.

THE HONOURABLE MR. A. CHETTIYAR : Sir, I beg to move an amendment to the Resolution just now moved by my Honourable Friend Mr. Maricair. The amendment that stands in my name runs thus :—

'That for the words from 'India' to the end of the Resolution the following be substituted :—

'South India to the Straits Settlements and the Federated Malay States be relaxed so as to allow of an export of 15,000 tons per quarter to the Straits Settlements and the Federated Malay States.'

The object, in controlling foodstuffs, is to help the poor of the country by keeping as much home-ground produce as would suffice for its needs. But interference with the right of the agriculturist to reap the profits of his trade is tolerated only in times of famine. This interference, however slight and however small it might be, would not be desirable and public confidence would be lost if a temporary measure is to be continued without end. I may here be permitted to read an extract from Dr. Gilbert Slater, Professor of Indian Economics of the Madras University. He says :—

'It is right Government should prohibit export when there is famine, but crops were good last year, and promise pretty well on the whole for this year. High prices are much more due to increase in the quantity of money circulating than to deficiency of grain. I believe it is a *fatal* policy for India to prevent export in normal non-famine years. Grain will not

be produced unless it is wanted, and the effect of stopping export is to diminish production in good years, so that when a bad year comes, the country is starved.

*But, by permitting export Government encourage production of surplus quantity, so that if the crop fails there is a margin; further, the money and purchasing power the country gains by exporting in good years is available for bad years.'

The Honourable the Revenue Member the other day informed his Council that the present conditions would not permit the Government to remove the restrictions; and I think the Honourable Member based the statement on facts and figures. I, therefore, take his authority for it. I am not here to ask you to vote for the wholesale removal of restrictions on exports of rice from this country. All that I want is a licensed export of a small quantity of rice for the consumption of our own people, Indians resident in the neighbouring countries and from an area where there is no sign of famine nor prices high. This year I must say, is not bad. Prices have not soared high as we feared they might. In the Tanjore district in Southern India, the price of paddy ranges according to the latest information from Rs. 2-6 to Rs. 2-10 per *kalam*, which works out from Rs. 5 to Rs. 6 a maund. Even at this price the complaint is that there are no buyers and stocks might remain unsold.

That there is a surplus of rice in the Madras Presidency or at least in the south of Madras is also proved by the fact that the Government of India have a few weeks ago permitted the export of 15,000 tons of rice to Ceylon for this quarter. Ceylon is only one of the many countries in the East to which Indians emigrate in large numbers. Perhaps as popular, if not more, are the Federated Malay States and the Straits Settlements.

There are about 3,00,000 Indians in those countries and most of them happen to be South Indians. Accustomed to South Indian rice in early life they are longing for it. Sir, in South India there is a curious situation. The price is low, the demand is very little. As the Honourable the Mover of the resolution has just now pointed out, there are about two to three hundred rice mills in that district alone. Practically all of them are idle. Yet the export is not permitted. Across the seas there is a dearth of rice. The demand is high. The people are looking forward—our own people there are looking forward to the export of rice from their home-

*NOTE.—This is the antithesis of the well-known "Drain" theory.
E. L. P.

land. After all, the demand is not for much and yet even a licensed export is not permitted. Ceylon has been granted its needs. The inter-provincial restrictions have been withdrawn. In spite of all these the price in South India has not gone high, and, therefore, it may be taken that the grant of justice to Indians in the Federated Malay States and the Straits Settlements by allowing an export of 15,000 tons, per quarter, would not at all enhance the price. We may perhaps be told here that this is the first time the Government of India hear of the demand for South Indian rice from those countries. It is because of the discreet silence of the Indians there, who know that one reason or another—war this time, insufficient production a second time, want of shipping facilities a third time—has withheld from them their supplies. This wisdom which prevented them from being noisy in times of war and famine must not earn them the penalty of a permanent stoppage of supplies from their own country. They shall be told that the non-noisy child also shall get its share by their being granted their quota of the Indian produce. If petitions were wanted, I guarantee the Government a large number of them every month. Before we are flooded with petitions, it is best that their needs are supplied.

With these words, Sir, I would urge upon this Council the necessity to export at least 15,000 tons of rice, per quarter, to serve the bare needs of Indian population in the Federated Malay States and the Straits Settlements.

The HONOURABLE MR. E. J. HOLBERTON: Sir, I feel sure that like myself, all of us present here will have been moved by the urgent call for help from Madras. We have heard of mills being shut down and a starving populace in spite of the surplus rice, and I must confess that on the face of it, their case seems a very good one, and I should like to support it. But, on the other hand, we ought to remember that the system of export from Madras must be settled by the Government in consideration of the whole scheme of control. Food control came to us as one of the many evils of the war, and it has remained with us as one of its aftermaths. Until it is possible for us to get rid of control altogether, we cannot look upon the case of one Province without considering the case of the whole of India. In the definition I must definitely include Burma. In making the new control settlement for the Province of Burma, free export was allowed to India and export was allowed to other places under license. But a condition of it is that an amount of 1,100,000 tons of Burma rice is definitely reserved for India. Now, either it is necessary that this amount of Burma rice should be reserved for India or it is not. If it is necessary,

If, that is to say, the whole quantity of rice available in India for India is not sufficient for their needs, then Burma is perfectly willing and anxious to say not one single word against this reserve. If, on the other hand, as we are told, there is a glut of rice in Madras, if there is any amount to be exported then it seems unnecessary that there should be any sort of control still retained over the Burma rice crop, and a perfectly free leave should be given to the Burma rice miller and exporter to send his grain wherever he pleases. Therefore, Sir, if I am to support this Resolution to the full, I should desire to hear from the Member in charge whether he is prepared to couple it with a release of Burma from her obligation to hold 1,100,000 tons of rice at the disposal of India during the present year.

As an alternative to this, Sir, as we are perfectly well aware that the fact of the case is that the Ceylon and the Straits coolie likes par-boiled rice in preference to other sorts, for reasons which are perfectly well known to everybody connected with the rice trade or the planting industry, and as we are also aware that in the past this requirement was very largely fulfilled from Madras, it would not, I am sure, be the desire of Burma to stand in the way of the supply at all events of a quantity of par-boiled rice from Southern India. If, therefore, the Resolution could be so amended as to limit it to such quantities of par-boiled rice as are consumed on the plantations in the Straits or in Ceylon, again I should have no objection. But I find myself unable to accept the Resolution exactly as it stands, and I hope we shall be able to get from the Honourable Member in charge some idea as to whether he is able to recede from the position at present taken up by Government that the embargo on the export of rice is definitely not to be removed, and whether he is prepared to accept either of the changes which I have indicated, namely, either that the export from Madras shall be allowed freely in consideration of Burma's obligation being cancelled, or that the export from Madras should be limited to the quantities of par-boiled rice which the coolie community in the Straits and Ceylon have been accustomed to get from Madras.

THE HONOURABLE THE PRESIDENT : Does the Honourable Member wish to put forward a formal amendment ?

THE HONOURABLE MR. E. J. HOLBERTON : No, Sir, not at this moment.

THE HONOURABLE RAO BAHADUR B. N. SARMA : Sir, if I intervene at this stage to explain the position of the Government with regard to this Resolution, it is in the hope that further discussion on an elaborate scale may be rendered unnecessary by giving the Council an idea as to

what the difficulties of the Government of India have been during the last few months in connection with this rice question, and why they have not been able to remove all restrictions on exports.

I may assure the Honourable Member who has moved this Resolution that the Government of India are perfectly at one with him that the true interests of the country would be served by releasing and relaxing all restrictions on free trade with regard to foodstuffs at the earliest possible date. We realize much more than anybody else can realize, that if we continue these restrictions upon exports indefinitely there would be a danger that the margin which at present is already very narrow and very small—the margin of production over consumption in India may be still further narrowed by driving agriculturists to grow crops—productive commercial crops, instead of food crops. We know that. We realize also that no Government machinery can ever advance the interests of the country by tinkering with trade. We realize also that the country is losing a large amount of mobilised capital which might have come into it if only India and Burma were in a position to export to foreign countries foodstuffs in the same manner as they were able to do before the war. Well, I may assure Honourable Members and the outside public that, if the Government have not been able to relax restrictions in the manner desired by the Honourable Mover, it is because they have felt it to be their duty to protect the consumer as well as the manufacturer; that it would be wise to be cautious at the present moment, and not to release restrictions which have worked comparatively well during the last two years, until they know exactly that the foodstuffs position is much better than they apprehend it is likely to be during the next few months.

There is a good deal of misconception outside that the Government are free traders for the benefit of other countries, which certainly is not the case, that a policy of restrictions on exports is a wise policy and that, therefore, the Government ought to be supported to the fullest extent possible if they should conserve stocks in India for the benefit of the consumer. I know that there is that feeling, but it is not because we consult that feeling that we have been compelled to resort to these restrictions, but because the information at our disposal, which we hope may prove incorrect but which we have no reason to believe to be incorrect, shows that the food position is not what it has been depicted to be by the Honourable Mr. Maricair. The whole of his speech and the speech of the Honourable Mover of the amendment proceed upon the assumption that India has enough for herself and to spare for foreign countries, that there are huge stocks here awaiting export and that, therefore, it is meaningless

to continue restrictions which might have been for the benefit of the consumer and the general public at a time when there was scarcity, when there was famine.

The HONOURABLE MR. MARICAIR rose to a point of order.

The HONOURABLE THE PRESIDENT : The Honourable Member must confine himself to a personal explanation. Is it a personal explanation ?

The HONOURABLE MR. MARICAIR : Yes ; I refer only to the districts south of Madras. I confine myself to the southern districts of Madras.

The HONOURABLE MR. B. N. SARMA : I shall deal with that. I am glad to be told that the Honourable Member does not include in his general optimistic survey of the whole of India. These proposals proceed upon the assumption that there is enough food in the country, and that, therefore, there is no reason for any anxiety whatsoever, and that these restrictions are meaningless. On the other hand, Honourable Members will find from a reference to the forecast reports which have been published from time to time that the picture is by no means so rosy. Prior to 1918-19 the Government of India did follow a policy that famine or no famine, there should be no restriction upon trade. In 1918-19, the Government, owing to abnormal conditions outside India, were obliged to intervene and placed restrictions upon the free export of foodstuffs including rice, and the event proved that they were wise and that they did not take that step lightly or too soon owing to the world conditions outside and the unfortunate period of acute distress which prevailed all over India in 1918-19. In 1919-20, the Government of India tried their level best to see as to whether they could revert to the condition prior to 1918, and slowly and gradually removed restriction after restriction, until the only restriction that is now placed upon free trade is that India should be permitted to export certain quantities to countries which have been relying upon her and to the extent which has been permitted in the past, that Burma should be permitted to export to India as well as to outside countries her surplus, with this proviso that Burma should conserve for India, if she should need it, one million and one hundred thousand tons, and with this further proviso that the Government would intervene and impose restrictions if, unfortunately, it should prove that the prices rise much higher than at a fixed definite level, but that the Government were not otherwise going to interfere with the trade and indeed would not interfere with it further except subject to the conditions announced in the Press Communiqué issued on the subject.

You will naturally ask me why these restrictions either? The answer is simple. In 1920 notwithstanding a very good crop and the prohibition of exports except to a limited extent India imported 800,000 or a million tons from Burma. We inquired as to whether the conservation of foodstuffs which was our immediate object was accomplished. We had no satisfactory answer on that point from the Local Governments, and the fact that imports from Burma were necessary throughout the whole of last year to the extent I have mentioned made us hesitate as to whether our policy of conserving foodstuffs for the benefit of this country has been fulfilled in the manner we desired. Well, assuming that there was no conservation of stocks with another good season, we might still have reverted to our established policy of not interfering with trade. But what has happened? Unfortunately for the country the monsoon stopped at a very early date. Several Provinces have reported to us acute distress; scarcity and famine have been declared in some. We asked the Local Governments to give us reports as to what, according to their estimate, was likely to be the outturn of the rice crop during the year 1920-21. I do not wish to be an alarmist, and I sincerely trust that the forecast made errs on the side of being extremely conservative. But on the position as it was put to us, there was no alternative but to apprehend that the outturn of foodstuffs and of rice during 1920-21 may be far from sufficient for the needs of the people during the coming year. The average for the five years ending with 1917-18 was roughly 27·6 million tons. In 1919-20, we had a good crop, as I told you, and it was 30 million tons; and our forecasts for 1920-21 do not exceed 24·9 million tons. That will show that far from there being any surplus in the country for export, if this should unfortunately prove to be a correct estimate, we shall be far short of the necessary supplies for the country. That was the reason why we had to conserve the Burma stock for the sake of India. We found that on an average in a bad year India imported from Burma more than a million tons. Therefore we felt that it would be wise not to exceed that limit, but to conserve that 1,100,000 tons for the benefit of India and to permit Burma, which always produces a surplus, to export to any country it likes one million tons. Well, Sir, that is our justification for continuing the embargo on the export of rice from India. If we prevent Burma from selling her rice to any country she pleases because we fear that the stocks in India are not super-abundant and may not be sufficient and the more so if unfortunately we should have another bad year, what justification is there for the Government to permit India to export to foreign countries for the benefit of her manufacturers or farmers? There is absolutely none, and consequently we were driven to the conclusion that if we conserved

the rice stocks from Burma for the benefit of India, there was no justification for India to export her stocks, if any, to outside countries freely. But we did make an exception in the case of those countries which had an Indian population, and we have not prohibited the usual quantities which have been rationed in the past to those countries. We did more. The Ceylon Government represented to us that if they were compelled to buy only from Burma there might be various difficulties and that they should be permitted to buy from Madras also. The Madras Government also were anxious to help Tanjore merchants and manufacturers and rice-millers, and have represented to us that with safety some stocks might be allowed to go from Southern India.

The Ceylon Government to the best of my recollection asked for 60,000 tons from Southern India during the whole year. Divided by four, it would be 15,000 tons per quarter and we did allow 15,000 tons to Ceylon, and therefore we fulfilled all the requirements which the Ceylon Government placed before the Government of India on behalf of the Indians there to the fullest possible extent, and if any further representation should be made to us that those quantities required revision, they would receive the most sympathetic consideration.

Then coming to the Straits Settlements and the Federated Malay States, the first time we heard of any inconvenience caused to the Indian settlers there was from the Honourable Mover of the amendment. He depicted to us a picture of people who suffered in silence, and that we should not turn the whole country into noisy agitators. I quite appreciate the full force of that argument. But it is rather curious that no representation has been made hitherto from Southern India, from the Straits Settlements, the Federated Malay States or from anybody concerned to the Government of India that there was any inconvenience caused. I find the Honourable Member asks for 15,000 tons. What is it I find? I find that the exports, previous to the restrictions being placed, to the Straits Settlements were only 2,743 tons on the average and the exports to the Federated Malay States were only 921 tons; so that these two countries took from India only 3,600 tons, a very small quantity, and they found that they were not inconvenienced at all by the stoppage of these small quantities, because they were getting . . .

THE HONOURABLE MR. MARICAIR: May I know the year that the Honourable Member is referring to?

THE HONOURABLE MR. B. N. SARMA: This was the average of the three years ending 1916-17, that is for the years 1914-15, 1915-16 and 1916-17, prior to the imposition of restrictions. The Honourable Mover

of the amendment asks for 15,000 tons per quarter or 60,000 tons per annum. That is evidently because he did not have the statistical information which the Government of India have in their possession. But I take it that his point is that whatever quantity used to be exported from India to these countries which have a large resident Indian population should be allowed to be exported there. Well, my point is that Burma has been supplying them, and there has been no complaint there. It would be time enough for us to consider and review the position if there should be any representation made by the people themselves or by the Governments concerned. But at the present moment surely the Honourable Member will realise that there is absolutely no case for us to re-open the question with regard to the Federated Malay States and the Straits Settlements.

Apart from this there is another point. It is not these three countries alone which have a resident Indian population. We have Mauritius, we have Seychelles, we have South Africa, we have many other places which have been receiving supplies under the rationing scheme to a certain extent, which are exactly in the same position as the Federated Malay States and the Straits Settlements. I do not see what justification there would be for the Government of India to draw a distinction between the Straits Settlements and the Federated Malay States on the one hand and the others on the other; and if we throw open exports freely to those countries, what guarantee would there be that there would be no re-export? Even assuming there are guarantees that there would be no re-export the result would be that we would have to export more than 300,000 tons from India, a proposition which cannot be entertained for the reasons that I have mentioned that we apprehend a shortage of supplies in the coming year for India's consumption. Well, Sir, there is one point I should like to refer to with regard to South India. It is rather curious that in South India prices of rice have always soared up much higher than in the rest of India. I have not been able to understand the reason clearly, unless the figures relate to different quantities and I asked for the figures this morning and I find that in Tanjore rice was selling at Rs. 8-12-0—I hope the gentleman in charge of these figures has not misinformed me. This does not show that there are stocks there which are rotting for want of export. The prices in Madras were Rs. 6-15-0; in Tanjore Rs. 8-12-0, as against Rs. 5-6-0 and Rs. 5-8-0 in Calcutta, and Rs. 6-4-0 in Bombay and Rs. 7-1-0 in Nagpur, which is famine stricken.

THE HONOURABLE MR. MARICAIR: Is the price of Rs. 8-12-0 just stated, per maund?

The HONOURABLE MR. B. N. SARMA : Yes, per maund, as per figures, on the 12th February. Therefore, the assertion that there are plenty of stocks requires a little re-examination. I hope what I have said is sufficient for the purpose of convincing Honourable Members of this Council that there is not much difference between the Mover and ourselves on the general question of principle. We will only be too glad if we can withdraw ourselves from the position which we were obliged to take up for the benefit of the consumer here in the past and to which we are obliged to adhere at the present moment. There is no question of the office of the Director of Civil Supplies controlling movements as heretofore or any more of these restrictions, because we have removed completely all internal restrictions. It is no use referring to ancient history. The present case has been very well put from the point of view of the Tanjore Mirasdar. But we have to remember that even the Tanjore Mirasdars may find some market for their stocks in the areas which seem to be devastated by famine, the Ceded districts, Hyderabad and other places. If they cannot find a market and if they make a representation, we shall see what can be done, but Government are not in a position unfortunately for the reasons I have given to help the Honourable Member by agreeing to his suggestions at the present moment.

The HONOURABLE SIRDAR JOGENDRA SINGH : Sir, the Honourable the Revenue Member seduced me to a lunch, and I did not hear the speech which the Mover made in moving his Resolution, so I do not know what arguments he advanced. But I have heard very carefully what the Honourable the Revenue Member has said. His argument is that on principle he is fully convinced that restriction on exports is wrong. But he says that the stocks in the country are lower than they ever were before, and that restrictions are necessary ; which even in the worst famine years were not considered necessary. I should have liked him to produce facts to show what the stocks in past years were when we had free export of foodstuffs. He has not answered that. But what he has said is simply this, that stocks are low now and that millions of tons of rice are imported from Burma. I should like to know what the normal import of rice is from Burma in normal years. The whole argument is based on the fact that restriction of exports is necessary in the interests of the consumer. The Honourable the Revenue Member has ignored the fact that in India the producer is also the consumer. Perhaps 99 per cent. of the population which consumes food stock is also the producer, and this population has greatly suffered by the restrictions which have worked more for the benefit of the exporter than of

the producer. I remember reading an article in the *London Times* pointing out the exports that were made during the war and the prices at which they were made. The prices were regulated by the Government of India through a Wheat Commissioner who was then appointed. It is impossible for me to calculate, but I think the Honourable the Revenue Member will admit that the loss to India runs into millions.

If these millions had come to the country, India to-day would have had a very large trade balance and would not have been in financial difficulties, needing sales of Reverse Council Bills which have drained our finances dry.* The question before the Council now is, whether we are justified in continuing a policy which will inevitably lose us the markets of the world. We, the producers of India, after many years were able to establish relations with other markets, our produce was in demand and we were able to export freely. For the last three years our exports are restricted. We can only sell to the Wheat Commissioner or whoever is the Controller, at prices which are fixed by the Government of India. The result is that we are every day losing the markets of the world; and when in the ripeness of time the Revenue Member awakens to the need of removing the embargo, we may find that we have no markets for our produce.

Another matter to which I want to draw attention.

THE HONOURABLE THE PRESIDENT: I wish to draw the Honourable Member's attention to the fact that the matter under discussion relates to rice. I hope he will keep as close to rice as possible.

THE HONOURABLE SIRDAR JOGENDRA SINGH: I am sorry, Sir, that I mentioned wheat.

THE HONOURABLE THE PRESIDENT: Please keep to rice.

THE HONOURABLE SIRDAR JOGENDRA SINGH: Another matter to which I want to draw attention is that the producer of rice has to spend much more than he used to spend before. He pays at least three times as much as he did before the war for his ploughing oxen and the cost of production has doubled. For his own produce he cannot get the price that is his due.

I think the Honourable the Mover of the Resolution was absolutely right in pointing out that the Government of India is moved by the fear that the articulate classes, who have been talking about restricting the exports of foodstuffs and fixing of prices, would be disturbed. I think there is more reason to fear the disturbance in the villages. We, who live

*NOTE.—India had a large and favourable Trade Balance nevertheless prior to the Sales of Reverse Councils in 1920.—E.L.P.

in the villages, know that people are finding it difficult to pay their rents ; the prices of cotton and other goods are falling, world prices have fallen also, and they can hardly meet their demands. Under these conditions, I do not think the Government of India would be well advised to continue the embargo on the export of rice for any length of time.

I know that the Honourable Revenue Member laid great emphasis on the forecast which his Department prepared. I wonder if the Honourable Member knows how the material for these forecasts is provided. Some *patwari* in the village is asked to report ; he sits down and makes a rough estimate, which has generally no relation to the produce that is growing, and sends it in. This is again boiled down in the Office of the Revenue Officer somewhere, put into shape in the Office of the Provincial Director, till the information reaches the heights of Simla or Delhi, and this forecast, so far as I am aware, has really no relation to facts. If in the worst possible years we were able to export foodstuffs, such as rice, I do not know that in the present year we are not in a position to go back to normal conditions. The Honourable the Revenue Member said that in 1918, 1919 and 1920 the stocks were abnormally low. Can he point out that the stocks were lower than in the worst famine year in the United Provinces ? (I have no memory, and I cannot point out the year, but it is well known). In 1918 and 1919, so far as I am aware, in the worst affected Provinces it was not necessary to open any large famine relief works ; that state was never reached. Under these conditions, I am not prepared to accept the Honourable the Revenue Member's statement that the stocks to-day are abnormally low. In the present year, the conditions, I must admit, are not very favourable. Rain has failed in many places, and it is not possible to say what the *rabi* crop is going to be. But without fear we can depend on the laws of supply and demand. The producer generally always saves up his food and only puts in the market the surplus of his produce ; and I think we might leave it to his discretion even now. He would not sell what he needs for himself.

In these circumstances I would very earnestly draw the attention of the Council to the very serious situation that is arising, so far as the agriculturists are concerned, with the restriction on rice and other things. The agriculturist is losing the market and he is the backbone of the country. If he loses the market then a very serious situation will arise. With due deference to the Government of India and the Revenue and Agriculture Department, I must say that we are not in a position to interfere with the country's trade. I was on the Foodstuffs Board. The very first thing that some Provincial Governments did was to stop free trade between

the Provinces. It took many months to clear up muddle. I say again that I think the time has arrived when we should remove the embargo and allow the people a free market.

The HONOURABLE DR. JHA : Sir, like the last Honourable Member who spoke, I also come from the villages and the point of view of the villager is that much of their trouble with regard to foodstuffs is due to what they call the 'wicked' policy of the Government encouraging unrestricted trade. They do not of course understand the law of free trade or the law of supply and demand, and they think that it is the unrestricted export of foodstuffs that is responsible for the high prices.

The HONOURABLE MR. KALE : Sir, from the speeches we have heard up to now, I am afraid that Honourable Members have been placed in a very awkward situation. We have had various views put before us in regard to the condition of the cultivators, merchants and other classes of the community. On the one side we are told that the price of rice is going down and that millions are suffering. On the other side, we are told that cultivators look with horror upon the idea of the removal of restrictions on the export of rice. We know that figures have been placed before us by the Honourable Member in charge of the Revenue Department. The accuracy of those figures has, however, been doubted on the other side. If there are such differences with regard to the vital question of the conservation of the food supply of the country, I do not know what is the conclusion at which the Members of this Council are expected to arrive.

Many conflicting things are said about the cultivator ; when prices are high, it is the poor cultivator who suffers. He also suffers under low prices. In regard to Southern India, I have read the newspapers from that part of the country and I find that much of the agitation in favour of removing the restrictions on export of rice is agitation led by merchants. It is a middleman's agitation and it is very difficult to understand how the high prices of foodstuffs and the profits of trade will go into the pockets of the poor producers. We know under what conditions *ryots* sell their produce and what the advantage of dear rice will be, and we know that it will not go into the pockets of the helpless cultivator. Most of the advantage is taken away by the middlemen. In the Madras Presidency itself I have seen that there is a controversy going on in the newspapers on this subject, and the consumer's point of view has been placed before the readers of some of them. And, therefore, if the responsible Department of the Government tells us that there is the danger

of a shortage of foodstuffs in the coming months, I think every effort must be made to provide safeguards against such a contingency. During the last few years, on account of the increase in prices, so many evils have crept into the country. There has been so much discontent and unrest in the country, we have been told, on account of the rise in prices. Are we not going to conserve our food supplies as far as we can? On the other side agitators have been telling us that the Government has been deliberately encouraging export of foodstuffs, that the property of the country and the prevailing discontent are all due to the policy of the Government. In these circumstances, I do not think that the Government will be well advised in removing the restrictions at the present moment. If, however, Government really finds that Indians in Ceylon and other places do want a reasonable supply of rice, I hope, it will take immediate steps to provide that supply. But subject to this, I do not think that at this stage it will be wise on the part of the Government to remove all restrictions, and therefore I do not see my way to support the Resolution.

THE HONOURABLE SIR MANECKJI DADABHOY : Sir, I am entirely in agreement with what has fallen from the Honourable Mr. Sarma that this embargo on rice should be maintained till the conditions obtaining in the country improve and we are distinctly in a better position. Speaking for my province, I must point out that we had for the last two seasons very poor harvests. The province is suffering on account of the scarcity of the last rainfall, and the result has been that not only the price of rice has gone up considerably in the whole of the Central Provinces and Berar, but in some parts of the province it is almost impossible to obtain the ordinary requirements of rice. In view of these circumstances, it is only necessary and proper that this embargo on rice should be maintained. Some of my Honourable friends have spoken about the principle, and have pointed out that it is a wrong policy of Government to interfere with liberty of the people and to maintain a control over foodstuffs. So far as bare principle is concerned we are all agreed. All of us are of opinion that at the earliest possible opportunity, the control of all foodstuffs should be promptly abolished by Government, but we have also to look to the exigencies of the case, and, so far as the present situation is concerned, I think no case has been made out for the export of rice. Charity always begins at home. Let us first look after our own internal affairs, let us provide sufficient food for the population of India, before we think of allowing foodstuffs to go out of the country. I am there in entire agreement with what has fallen from my Honourable friend Dr. Jha. One or

two remarks were made by the Honourable Sirdar Jogendra Singh about our losing the markets of the world and our agriculturists being placed in an awkward predicament by the control system. I have not been able to follow his argument. I do not see how we can lose the foreign markets once we have got our surplus stocks. If there is a demand in other countries there will always be a market for our Indian rice or for Burma rice. As soon as we are in a position to supply rice our old markets will be restored to us. I do not, therefore, think that for the mere fact that for a temporary period we have to lose our foreign markets we should carry on trade at a sacrifice of Indian interests. I cannot appreciate that point of view, and I am sure Council will agree that the position taken up by my Honourable friend is altogether unmainainable. I agree with my friend Mr. Kale when he stated that this agitation is carried on by the merchant classes and the middlemen who benefit by these exports. It is this class of people who make large profits, who profiteer when there is scarcity of crops, and who are directly benefited by the removal of this embargo. It is this class which sets up agitation, and I am of opinion that so far as the interests of India are concerned, till we are assured of a proper surplus, every possible attempt should be made to conserve our resources and to stop the export. My friend the Sirdar has also mentioned something about the forecasts which are presented for public information from time to time, and he has challenged the position taken by the Honourable Mr. Sarma. He has rightly stated that these forecasts are not always trustworthy. But Government has to go upon some principle. They have to go on some basis of calculation, and the present system which has been adopted, seems to be the only method by which some sort of approximate figures could be arrived at. My friend has also challenged the statement that there are no stocks in the country. But he has not pointed out where the surplus stock is or from what part of India the surplus stocks could be obtained. In view of these circumstances, I am of opinion that the attitude taken by the Honourable the Revenue Member on behalf of Government is correct, and as long as Government feels that the interests of India will suffer and her large population will not have ample foodstuffs for their maintenance, the present policy of Government should be vigorously continued. I, therefore, hope that the Council will not accept the Resolution as well as the amendment.

THE HONOURABLE MAUNG PO BYE: Sir, the export trade of the Indian Empire, as far as rice is concerned, in the year 1918-19, shows 2 million tons, out of which Burma's share was 1,600,000 tons, or three-fourths of the export belongs to Burma. During the war and during the

period of famine the export from Burma was restricted in order to supply rice to consumers in the other provinces of India. So, Burma, as far as rice is concerned, supplies direct to the Indian consumers, and she would like to do it quite willingly at whatever price the Government thinks fit to fix with due regard to the open market price. But Burma objects to the middle people making money between the growers and the consumers. The exporter from any province should not draw any quantity of rice from Burma for the purpose of export again from his province, and I hope the Government would safeguard Burma's interests from existing restrictions in order not to give advantage to the middle man for making money out of the trade.

The other provinces should buy from Burma in open market, whereas for the last three years the Government of Burma have fixed the prices by restrictions. In 1918 it was Rs. 105 for 100 baskets of paddy, in 1919 it was Rs. 120 for 100 baskets, and in 1920 it was Rs. 180. These prices are fixed in order to supply at a low rate rice to India from Burma. I, therefore, Sir, want to ask this Council to do justice for Burma and not to take the supply from Burma for the middle man to make money out of Burma.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: Sir, I have been rather uneasy in my seat till now. This is a free fight really between the villager and the paid man in the cities, and I can with truth say that this is a fight between ninety-five per cent. on one side and five per cent. of the population on the other. All the zamindars who produce rice, even if they have got one bigha, have to pay revenue on it, while others, the middlemen, or whoever they may be, though they might get Rs. 2,000 as income, have not got to pay a single pice. We are unfortunately subject to the settlements which are called *Bandobasts*, which in other words mean putting one to trouble. After every twenty years Government revenues go up; on the other hand they go and stop export for internal consumption and naturally the price of rice goes down. So where are we to get money to pay Government? I hope we shall not be forced to suffer for that five per cent., so that people may not think of going towards Mahatma Gandhi and say that they will not pay revenue at all

The HONOURABLE THE PRESIDENT: The Honourable Member must keep to the Resolution.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: I appeal to the Council through you, Sir, and to all those who are zamindars to stick to this, as if we do not form a majority to carry it out it will not be our fault, but perhaps the fault of the Reforms.

The HONOURABLE SIR D. WACHA : Sir, I think my friend the Honourable Mr. Kale was correct in crystallizing the debate. There are two sides to the question. One side is represented by the Revenue Member who gave us a very convincing statement to prove that the foodstuffs of the country, so far as rice is concerned, are not so great as to permit the Government to release the embargo on rice urged by the other side.

The first question about all foodstuffs of the country, whether it is wheat, rice or any other article, is this :—whether they are enough for the population to consume, or whether there is a margin. If the margin is very great, then, of course, we can justify exports of any kind of foodstuff, whether wheat, rice or bajra, or any other grain. But if the margin is not so very wide, and if another monsoon fails to give us the necessary produce, where will the country be ? That is a question of a most important character.

That is, I repeat, a question of a most important, nay vital character, and I think any Government, not only the Government of India, but any civilized Government, will be wise to take into consideration the actual agricultural products of each year, and see whether there is enough to suffice for the population or not, and whether there is a surplus, and, in that case, whether the surplus should go abroad or not. Free trade policy inculcates that exports of all kinds of commodities must be freely allowed to go out ; but I believe there are limitations even to such a policy of free trade. I myself am a strong free-trader, but in spite of that, I believe that, as far as foodstuffs are concerned, the Government of India are right in still keeping an embargo on rice. I will relate to the Council some ancient history. It goes back as far as 1874 when there was a very severe famine in Orissa. Lord Northbrook was then the Viceroy. He was a strong free-trader. Mr. Robert Knight was a strong economist, and from time to time he wrote telling the Government that the famine in Orissa was so great that the Government would act wisely in not allowing exports of rice to go abroad. Lord Northbrook and his Government, on the other hand, thought 'Never mind, whatever may happen, the exports ought to go freely forward.' What was the result eventually ? A very severe famine in Orissa of a most disastrous character occurred carrying off lakhs and lakhs of people. That was the lamentable result of having allowed free exports at a time when there was not sufficient rice in the country to feed even the people of Orissa. We have grown wiser and wiser every time after a famine has taken place ; and we now know exactly when we must put an embargo, even a temporary one, on the export of foodstuffs and when we should not. When the famine of

1899 took place, the most severe of the 19th century in India, the Government of India appointed a Famine Commission with Sir James Lyall as its President. In his report a remark was wisely made, that as new railways had been built here, there and everywhere, one of the uses of such railways particularly was to greatly utilize them in times of famine. It may happen that foodstuffs were very cheap in one province while there might be none in the other province. Railways would go a great way to help to bring the surplus of one province and pour it into another where there was a famine. In that way railways would not only prove a beneficent agency for the conveyance of foodstuffs but also help to equalize the prices in the different provinces. That is a very important point which Honourable Members at this stage ought also firmly to remember. Sir James Lyall's statement was very wisely endorsed by the Government of India at the time. So, here are two different instances to be borne in mind, one of the Orissa famine and the results of it, and the other of the famine of 1899, and what Sir James Lyall had said as to the uses of railways and how the surplus of one province should be diverted to the other province where there was a famine. That being the case, I think all Members of this Council will agree with the very careful exposition of the rice statistics which the Honourable the Revenue Member had made. I heartily concur with him. I am a student for several years past particularly of foodstuffs. I myself have got statistics from my friend Mr. Shirras, the Director of Statistics, over two years ago, which go a great way to corroborate the statement which the Revenue Member has made to this meeting to-day. Therefore, I do say that the Government are right in conserving the foodstuffs of the country. The population is also increasing. In all probability the Census which will take place next month will tell you exactly how we are situated, and you will possibly find that the Revenue Member will have something more definite to fortify his statement than now, that the population has increased and that whatever margin of rice there may be in the country, even that will not suffice for the increased population which the Census may disclose. Therefore, taking everything into consideration, I think a wise Government in any part of the world would certainly deem that foodstuffs were such a commodity that, whatever free-traders or other economists may say, they must be conserved where the margin is narrow. Under the circumstances, I think the Government of India are doing the right thing and very wisely in putting an embargo on rice for a time. I do not go into the other question of the middlemen and the agitators and one thing and another mentioned by previous speakers. I do not think I would be in order if I were to do so. But I will give only one analogy. On the outbreak of the

war, cotton merchants in Bombay were greatly alarmed because the price of cotton went down from Rs. 400 and 500 to Rs. 150 per candy. The middlemen and the cotton dealers rushed to the Government of India to come to the aid of the *ryots*. In substance they said : 'Oh, the cotton cultivators will be ruined,' just as some people are now saying that : 'The rice cultivators will be ruined if there are no exports.' But what happened eventually to the cotton dealers ? The Government of India very wisely, very cautiously sent down Mr. Howard to Bombay to ascertain on the spot independently of all interests what the real position was in the cotton-growing districts.

He made a report to Government, and what was the report ? That the cry was an alarmist agitation of the middlemen ; and the deputation which went to Simla returned to Bombay with heads bowed down because they were very properly told that there was no foundation for their allegation. Exactly the same thing is happening now. I recall all these facts because oftener than not past history is forgotten in these days. But it is better to remember it when similar questions come to be considered by this Council. Starvation or no starvation of a whole class of people is the vital question for their consideration. Therefore, I heartily express my agreement with the statement made by the Honourable the Revenue Member that for the present the embargo on rice should be continued till better times are in prospect.

THE HONOURABLE MAHARAJA SIR M. C. NANDY : Sir, from past experience we know that India cannot produce her foodstuffs regularly throughout the year. Under these circumstances, we have to bring our foodstuffs from Burma ; so I think it is not proper to remove the restrictions which have been put by the Government on rice.

THE HONOURABLE MR. CHETTIYAR : Sir, with regard to the middlemen's agitation, I should like to say that I am not here to agitate on behalf of middlemen or on behalf of the cultivator or on behalf of the mill-owners. The object of my bringing in this amendment is to supply the needs of Indians resident in the Federated Malay States and Straits Settlements, and especially of those who are accustomed to south Indian rice. In the earlier part of my speech I said that after hearing the Honourable the Revenue Member the other day with regard to the conditions prevailing in India, I am not here to ask you to vote for the wholesale removal of restrictions on the export of rice. So I say the remarks made by several Honourable Members of this Council do not apply to me.

Then with regard to the remarks made by the Honourable the Revenue Member that there is much difference between the quantity actually exported from this country to the Straits Settlements and the Federated Malay States and the quantity asked for in the amendment, I must say, as the Honourable Member himself pointed out, that I have not got the figures which the Government have. I am now prepared to reduce the figure from 15,000 tons to 5,000 tons. But with regard to this I should like to say that the figures that the Honourable Member quoted referred to the years 1915, 1916 and 1917. In 1914 the war broke out. I should like to have the figures for the three years before 1914.

Then with regard to his remarks that the representation should come from the people themselves or from the Government of the Straits Settlements, the Indian population in those two countries is very small when compared to the other local population of those countries, and it will be too much to expect the Government at Singapore to ascertain what particular kind of rice the Indian population there would like and send up a requisition to the Government of India here. Then the Honourable Member said that the representation should come from the people. It is natural for a people to endeavour to get their wants supplied through their representatives rather than take the tedious and irksome process of approaching Government. I think we from the Madras Presidency may be considered as the representatives of the people, especially those from South India who are settled in those countries. I have received several letters from responsible men in those countries that the Indians there are anxious to have south Indian rice; and it is that that made me approach the Government. I hope the Honourable Member, even though he is not prepared to accept the amendment, will give us an assurance that such quantity of rice as is required according to his own estimation will be supplied to those who want it. In conclusion, I must say that the Indians in those countries are really very anxious to have South Indian rice.

In South India, as I have already said, the price of paddy has not gone high. The quantity that is required for Indian residents in these two countries can be safely exported.

The HONOURABLE THE PRESIDENT: I call on the Honourable Mr. Maricair to reply.

After a pause as there was no immediate response, the Honourable the President said: Does the Honourable Mr. Maricair wish to reply or

not? If Honourable Members wish to speak, they must rise in their seats, so that I can see them. It is impossible for me to see members if they do not stand up.

The HONOURABLE MR. MARICAIR : Sir, I heard the very interesting speeches made by a number of non-official members, and if I say much more about my experience of the trade, Honourable Members will perhaps think that as a merchant myself I am trying to make a business over it. I am on the spot, and I really understand the situation of the Indians domiciled in the Straits Settlements, the Federated Malay States and in Ceylon. I am in close touch with them, and so I mentioned about the representations which I have been receiving from various parts of the country which the Honourable the Revenue Member said that this was the first time that he heard of these representations from the Straits Settlements. As my Honourable friend Mr. Annamalai Chettiyar said, if the Government will kindly make a reference to the authorities in the Straits Settlements, surely our statements will be found to be correct.

With regard to the figures, the Honourable Member referred to the actual quantity of cargo shipped during the three years from 1914-1916. Well, as my friend Mr. Annamalai Chettiyar said, it was during war time when the steamship companies were not able to run their steamers regularly. Those were the years when we were not able to find steamers to carry our cargo, hence the figure is so small. As has already been pointed out, if the figures previous to 1914 are taken into account, Government will see that the quantity is much larger than 3,600 tons.

With regard to his remark, though we are interested in the people who are resident in Southern India, we have no objection to Government allowing the export from all the ports of India. My Resolution refers to the export of rice from India and not from Madras alone.

The fact of the telegrams and letters I have received—and I am sure other Members and the Government also would have received—which distinctly shows that there are surplus amounts available in the Provinces. After all, as some of the non-official Honourable Members said, it is only those who are interested, and the middlemen who want to profiteer, agitate for this kind of arrangement. It is the merchants who realize the situation thoroughly, and not lawyers, big millionaires and some such people. It is the merchants, the cultivators and the zamindars who realize the situation. The zamindars do not get their crops sold and the

cultivators do not get a sufficient price for their paddy to meet their expenses and the payment of taxation. As the Honourable Members of this Council are aware, the expenses of cultivation have gone so high on account of increased wages and many other things, that the cultivators are finding great difficulty in maintaining their crops. As the Honourable Member for Government properly expresses it, if this kind of restriction is continued any longer, those paddy cultivators will surely turn to something else, *i.e.*, cotton cultivation. This may probably be very interesting to the Honourable Sir Dinshaw Wacha for the export to England and to other places.

I am here to look after the interests of the people who are actually starving over the other side and the paddy cultivators of India, and I am so sorry the Government could not see its way to accept my Resolution. I am also sorry that some of the Honourable Members of this House are finding it difficult to accept it and to support my motion.

As regards the remark made by the Honourable Pandit Ganga Nath Jha, I do not know how he is justified in saying that the villagers will be ruined if this is allowed

THE HONOURABLE DR. JHA : I did not say they would be ruined. I said that they would view the removal of this restriction with horror.

THE HONOURABLE MR. MARICAIR : Well, if it is not so, it will be in the interests of all concerned that export on a certain scale should be allowed. As a matter of fact, it is the first time in our lives that the Government ever interfered with such restrictions, and there have certainly been heavier famines than this time. Even in those times the Government never thought of imposing such heavy restrictions. It is most disappointing that the Government feel they must continue the restriction for some more time. If it is continued, I do not know what will happen.

With regard to the price the Honourable Member mentioned in Tanjore, *i.e.*, Rs. 8-12-0 per maund of rice we have no such system in our district and there are no bags of maunds like what is in vogue in Calcutta. Our bags contain 195 lbs. and are equal to $2\frac{1}{2}$ maunds. The price at present is Rs. 17 per bag, *i.e.*, for the superior quality, and so I hope I may be permitted to say that the figure quoted by the Honourable Member is somewhat inaccurate. On the whole, therefore, the situation as it stands at present is uncertain. With regard to Ceylon, some of the non-officials and officials of Ceylon had a deputation with the Government of India some time ago and they have applied for 60,000 tons, and I can say that it was very kind of the Government to allow them 15,000 tons.

If the Government of India, however, think that the deputation sent up by the Government of Ceylon and by the people of Ceylon was genuine, could not the Government of India see its way to increase this allotment by a further 15,000 tons and bring it up to a total of 30,000 tons, because the present allotment, as we all know, is insufficient? Another important point which I wish to make, for the information of this Council, is that the allotment made by the Government, is to import one million and one hundred thousand tons of rice from Burma to India. I do not think such a heavy import is needed and I may at once say that the Government of India are well aware under the orders issued last year that a large quantity which has been landed by Best and Company and Walker and Company and one or two Indian firms is lying undisposed of. At this stage, the new cargo is imported, I may say that the Government of India would no doubt have received information that those importers have sustained a serious loss. These imports were unnecessary and I believe that a large quantity has already arrived. I ask the Honourable Members of this Council not to mistake me, for I am not speaking from the point of view of selfishness or self-interest. Last week I consigned by a steamer called the 'Torilla' from Akyab to Tuticorin a cargo of 64,515 bags of paddy, and this cargo is still lying undisposed of. There is no demand for it and I can say that there is a great deal of slackness in that business especially as regards Burma rice and paddy. This is due to Southern India having so much surplus in the country, both of last year's and this year's crop and consequently Southern India could have easily allowed a certain quantity to go abroad. And so, Sir, I request once more that due consideration may be given to the matter. I am sure that my motion will be rejected if I insist upon it, and so I have no other course but to withdraw it. I may say one thing: I hope that the Government will consider my Resolution and see what it can do. Since the Government itself is satisfied that our statement is correct, I hope the Government will do the needful in allowing a certain amount of rice to go abroad. With these few remarks I withdraw my Resolution.

THE HONOURABLE THE PRESIDENT: Do I understand the Honourable Member, having argued the Resolution at length, now desires to withdraw it?

THE HONOURABLE MR. MARICAIR: Yes, Sir.

THE HONOURABLE THE PRESIDENT: Is it the pleasure of the Honourable Council that the Honourable Member be permitted to withdraw his Resolution?

The Resolution was by leave withdrawn.

8th March 1921.

RICE CONTROL PROFITS FOR BENEFIT OF CULTIVATORS.

Question.

194. The HONOURABLE MAUNG PO BYE : (a) Is it a fact that the Government of India agreed that the whole of the rice control profits derived last year should be placed at the disposal of the Local Government of Burma for expenditure for the benefit of the cultivators ?

(b) If so, do the Government propose to inquire and see that the allotted sum of money is not spent on any other purposes than for the benefit of the cultivators ?

(c) Do the Government propose to see that the whole cost of the proposed construction of railways at three sections, Pyinmana to Taungd-wingyi, Alon to Saingbyin and Moulmein to Ye, may not be taken from the rice control profit allotment ?

(d) If the answer to (c) be in the negative, do Government propose to see that the profit or income from these railway extensions be earmarked for the future benefit of the cultivators only to relieve them of indebtedness and for veterinary aid to the agricultural cattle ?

Answer.

The HONOURABLE MR. B. N. SARMA : (a) Yes.

(b), (c) and (d). The decision as to what schemes will benefit the cultivators is a matter of which the Government of India are content to leave to the Local Government which has intimate knowledge of local conditions and opportunities of consulting local opinion. The expenditure will of course be subject to the sanction of the Government of India in cases where this sanction is required by financial or other rules.

COUNCIL OF STATE.

9TH MARCH 1921.

RESOLUTION *RE* : EXPORT OF FOOD-GRAINS.

The HONOURABLE SARDAR JOGENDRA SINGH : Sir, I beg to move the following Resolution :—

‘This Council recommends to the Governor-General in Council that all restrictions on export of food-grains from India be removed forthwith.’

The HONOURABLE THE PRESIDENT : I should like to hear the Honourable Member on one point before he proceeds. It seems we discussed a Resolution very similar to this the other day. Will he show in what way he considers his Resolution different from the one already disposed of ?

The HONOURABLE SARDAR JOGENDRA SINGH : That related only to rice and this relates to all food-grains.

The HONOURABLE THE PRESIDENT: Do I understand his arguments are different ?

The HONOURABLE SARDAR JOGENDRA SINGH: The arguments are.....

The HONOURABLE THE PRESIDENT: What I wish to be satisfied is this that this Resolution is not in substance the same as was moved by an Honourable Member. If the Honourable Member can give me an assurance that the arguments he proposes to give and the instances he proposes to cite are different and the object of the Resolution is different, I will permit him to proceed.

The HONOURABLE SARDAR JOGENDRA SINGH: I think it is different. I have not got the other Resolution with me at present. But, so far as I remember, that Resolution asked only that certain quantities of rice be released for export. This Resolution asks that the entire restrictions be removed.

The HONOURABLE THE PRESIDENT: In the circumstances, on the assurance of the Honourable Member, he may proceed.

The HONOURABLE SARDAR JOGENDRA SINGH: In moving this Resolution I wish to clear certain misconceptions which are obscuring the question. There were no restrictions on export of food-grains before the war. It was only towards the end that restrictions were introduced. It is too late now to question the wisdom of this policy, but I can assert without any fear of contradiction that the loss to India on account of this control runs into millions. Perhaps the Revenue Member or the Minister for Commerce, will tell us the exact figures representing difference between Indian prices and world-prices for the goods supplied by India during the war. India is an agricultural country. The bulk of Indian population (nearly 80 per cent.) is agricultural. The remaining 20 per cent. include the labouring and the trading classes. So far as the agricultural population is concerned, it produces its own food and we need have no anxiety about it. The agriculturist keeps enough grain for himself and his family. He keeps the seed and only offers the surplus for sale. This surplus he cannot store for any length of time. Weevils attack wheat and other crops and he must sell in good time, which is generally within three to six months of harvesting. The restriction on exports, therefore, means the accumulations of stocks in the hands of middlemen. The cultivator loses his legitimate profits and the middleman speculates for gain. Will the Government be pleased to say the amount paid in discount to the exporters during this period of control? To the trade-man again the rise

in the prices of food is of no great importance, and the wage-earner can always depend upon getting better wages when the price of food-stuffs rise in the same proportion as the rise of prices all round. Now I ask you, is there any other industry so controlled? The manufacturers of every other country have been allowed to maintain a race between wages and prices, and it is only the agriculturist who must spend more on his produce but gain no more than before. Is it because he is patient and dumb that we can deal with him in this way? He has to meet his obligations in the matter of revenue and rent from the sale of his surplus produce. He has to buy himself and his family clothes, bullocks and cows, implements and other things for which he has to pay three times as much as he did before the war. How can he do so if the price of his own produce remains unchanged? Is it any wonder that he, too, is getting discontented? His needs are few and if even these he cannot meet, it means almost the end of things for him. If better prices for other things bring prosperity to the manufacturer, why should better prices be wrong for the food producers? Indeed, I hold that high prices of food-stuffs are necessary for agricultural prosperity. There can be no stability in wages till the agricultural wage is fair and fully established. The Revenue Member made futile answers to my questions. . . .

The HONOURABLE THE PRESIDENT : Order, order. What did I hear the Honourable Member say?

The HONOURABLE SARDAR JOGENDRA SINGH : I said the Revenue Member made futile answers to my questions.

The HONOURABLE THE PRESIDENT : What kind of answers?

The HONOURABLE SARDAR JOGENDRA SINGH : Futile answers.

The HONOURABLE THE PRESIDENT : You must not use the word 'futile.'

The HONOURABLE SARDAR JOGENDRA SINGH : I am sorry, but that is how they impressed me.

The HONOURABLE THE PRESIDENT : Order, order. I must ask the Honourable Member to withdraw the word 'futile.'

The HONOURABLE SARDAR JOGENDRA SINGH : I withdraw the word. The Revenue Member made unconvincing answers to my questions asking him to tell us what the agriculturist's wage was in various Provinces and what were the agricultural incomes on which land-revenue

was assessed. I can assure him he cannot pass over these questions lightly. The agriculturist must have a fair wage and the revenue assessed on his income should bear some relation to other taxes.

I know how educated and uneducated men look back to the days that are gone when grain was cheap and ghee was plentiful. Imagination can always invest the past with a mystery and splendour, but we have pictures of ancient India in history and of famines which came in spite of the supposed plentitude. The conditions from Province to Province differed from starvation by famine in one place to plenty of food in another. We have dear food, but nowhere now in India need a man die of starvation. If the prices of food-grains are to be kept down, it is like telling the agriculturist that he can have food, but he must not buy for himself clothes or any other necessities of life. It is like cutting him off from all that the civilised world offers. Railway travelling, labour-saving machines, clothes and other little comforts knock at his door and call him to open his purse strings. You could raise protection walls in the days of the bullock cart, but now when the world is interlinked it is impossible to create stagnant pools of protected production. You cannot buy in the markets of the world and keep your own produce out of these. The Budget just presented proves the folly of such an attempt. We came with a trade balance in our favour and to-day we are a debtor nation and new taxes have to be raised to meet our expenditure. More than half our income is needed for our army. When shall we realise that free trade and International understanding is the only remedy for the many preventible ills from which the nations or the world suffer? Here and there men get lucid moments in this mad house of a world and call for unity, but the ideas which rule the crowd have not yet been dethroned. Germany will have a lesson for all of us for the future. Her misfortune may prove her salvation. The money she may have to pay in reparation may not equal the military expenditure which victorious Germany might have been called upon to shoulder. The world is now a united whole. We must produce freely and exchange freely, if humanity is to come to its own and inherit its share of labour and joy.

Man-made machines have out-stripped the minds of men. Railroads and steamship lines have linked the world, while we still think in old ways when the bullock cart and the camel ruled the road and set limits to districts and countries; to-day trade currents are racing through the world and the wheel of wealth is moving. I only wish it did move more freely and was not selfishly retarded by interested nations. It can gather

and distribute, but standing still it has nothing to offer and is soon stripped of its treasures. By retarding it we starve ourselves and inflict starvation on others. The world can only prosper together, living a part, it can only refuse to enjoy the bounties which nature distributes every morning in the name of the gods.

The restrictions on export, if we look clearly and closely, do not really work towards the provision of more food. Increased production only can regulate the level of prices. Continued food control means cutting India off the markets of the world. High prices would have stimulated production and provided natural remedies against unreasonable prices. Controlled prices mean controlled production, which means delaying the restoration of normal conditions.

We have now considered the general economic grounds. Let us now pass under review some of the special facts and figures relating particularly to our exports. The question whether exports of food-grains are to be allowed or restricted can hardly be decided on the figures available for the outturn of the particular crops. There are no published estimates of the outturn of some of the coarse food-crops such as jowar and bajra, which are generally used by the consumer for food. If, however, we take up the position that the amount of any particular crop available for export must depend on the outturn of that particular crop, we find that past figures in normal times do not support this view. Take for example wheat figures of outturn and of export of wheat for the following five years before the war :—

1	2	3	4
Year.	Production in 000 tons.	Export in 000 tons in follow- ing year.	Percentage of column 3 on column 2.
1908-09 . . .	7,639	1,050	13.74
1909-10 . . .	9,633	1,266	13.14
1910-11 . . .	10,061	1,361	13.53
1911-12 . . .	9,924	1,660	16.73
1912-13 . . .	9,599	1,202	12.52

(At this stage the President vacated his seat and the Honourable Mr. Sastri occupied the Chair).

If out of the 1910-11 crop only 1,361,000 tons (one million three hundred and sixty-one thousand) were exported one might assume that the internal needs of the country for wheat were 10,061,000 tons *minus*

1,361,000 (one million three hundred and sixty-one thousand) or say 8,700,000 (eight million and seven hundred thousand), and yet we find that out of a crop of which the outturn was only 7,639,000 (seven million six hundred and thirty-nine thousand) tons in 1908-09, as much as 1,050,000 (one million and fifty thousand), tons were exported. It will be seen that whatever the outturn of the crop, normally 13 per cent. to 14 per cent. of it is actually available for export. The matter is not surprising when we consider the vast population of India. If three hundred millions of people save a pinch of grain a day say 1-16 of a pound, we would have available for export in the year nearly 3 million tons of food, so it is not difficult to see how a large quantity of food can be spared for export without any necessity for examining the figures for the outturn of particular crops.

There will be some justification for restricting exports if in times of famine it could be proved that food moved cheaply. But the holding up exports does not increase the resources of the people to buy the food that might be available. In famine areas the people are too poor to buy food-grains and have to be supported in some way or the other by Government. The only effect of restriction on exports can be that the agriculturists not being able to find a full market for their food-grains will be driven to substitute non-food crops for food crops, thus to reduce India's food supplies in the long run. In the year 1919 because there was plenty of money in the country the maximum number of people on relief at any one time was 560,000, as against a figure of over 6½ millions in 1900. To-day, again, a large population would require relief if famine established itself in some parts of India.

It was chiefly owing to the dislocation produced by the war and the consequent demand at high prices in foreign countries for India's produce that restrictions on export were imposed. There is now no reason to believe that the removal of the embargo would result in forcing up prices in India either by the offer of high prices from abroad or by draining this country of supplies. The world-price of rice has since last year fallen so much that, although 1,000,000 (one million) tons have been allowed to be exported from Burma to foreign countries, only 103,180 (one hundred and three thousand one hundred and eighty) tons have up to date been exported. The reason is that the main rice-exporting countries in the world have now plenty of rice to spare. French Indo-China has had a good crop, and Siam has now resumed her place as an exporting country having had a favourable harvest, while in addition it has recently been officially

estimated that Japan, which usually has little or no rice to spare for export, will owing to bumper crop this year have no less than a 4,000,000 (four millions) tons surplus for export. It might be argued that in that case there is no need for India, which includes Burma, to give any rice supplies to the world. But there are certain countries, such as Mauritius, Ceylon and others which prefer certain qualities of Indian rice to any other, and the result of the restrictions on the export of these qualities will be to give up growing these qualities of rice of which he cannot get the superior price which these superior qualities of rice command. Both the trader in India and the agriculturist and the Indian consumer in foreign countries, such as Mauritius and Ceylon, will suffer from these restrictions, while there is no corresponding advantage to the consumer in India who is not accustomed to consume these particular qualities. While restrictions last, it is impossible to distinguish between all the many varieties of rice, and allow any particular kind to be exported without allowing other kinds to be exported also, and the only means of coping with the difficulty is to remove the embargo altogether. Similarly, with wheat—prices on the Continent and in the United Kingdom have fallen from 125s. per quarter in October last to 75s. per quarter and even lower now. There are large supplies of wheat for export from Canada, America and Australia, while the internal wheat resources of most Continental countries and of the United Kingdom have been increased by the special measures of encouragement given to the local producer to put land under wheat. There is not the slightest ground for the apprehension that India will be called upon to give more than she can spare to the outside world. Of the 400,000 (four hundred thousand) tons of Indian wheat released for export on Government account in October last only some 250,000 (two hundred and fifty thousand) tons have been purchased and sold to foreign countries.

(At this stage the Honourable the President resumed his seat.)

This may be taken as an indication of the probable demand for Indian wheat.

There may be some false ideas as to the amount of food-stuffs which normally do leave India. In normal times India proper takes a fair quantity of rice from Burma, and exports the better qualities of rice and wheat. For the four years ending 1912-13 the average exports of Burma rice to India were 432,411 (four hundred and thirty-two thousand, four hundred

and eleven) tons, but during the same years the net exports of food-stuffs from India proper, *i.e.*, excluding Burma were as follows :—

Year.	Quantity in tons.
1909-10	632,062
1910-11	1,294,584
1911-12	2,835,370
1912-13	3,135,482

This year the Government of India have provisionally reserved over 1,000,000 tons of Burma rice for India, *i.e.*, 567,589 tons more than the average imports of rice from Burma to India.

The HONOURABLE THE PRESIDENT : I thought, when he began his Resolution, he had promised me that he would not talk about rice.

The HONOURABLE SARDAR JOGENDRA SINGH : I did so in a different way, Sir. The question now is limited only to exports of rice.

The HONOURABLE THE PRESIDENT : Order, order. I have been out of the Council, but I understood that he was discussing the question of export of Burma rice. Did we not deal with that question in this Council before ?

The HONOURABLE SARDAR JOGENDRA SINGH : I submit to your ruling, Sir, and I leave it there. Since the question of rice has been ruled out, I will not say anything about it, and I will conclude.

It is not in the economic interests of the country to continue the embargo ; there is no need for Indian wheat in foreign countries so there will be no export. The normal condition is that exports of food-stuffs are unrestricted, and the onus of proving that there is any need for an embargo should be on those who assert that it is necessary, not on those who take up the position that it is unnecessary. If the embargo is removed on the export of wheat and rice, there is no need to retain restrictions on the export of any other food-grains, the export of which from India is normally so small as to be negligible.

The HONOURABLE MR. SETHNA : Sir, before I begin, may I request your ruling on a point of order. You ruled that no reference need be made to rice because of the Resolution on this subject having been before the House once before. The point of order is this. Suppose this Resolution passes, then are we to assume that Government are to take no action in regard to rice ?

The HONOURABLE THE PRESIDENT : My point is this. It is a very simple one. If we did discuss—I believe we did,—a Resolution dealing substantially in some respects with this subject, then a Resolution in so far as it deals with that subject, cannot be moved in the same Session as it is quite obvious that the whole includes the part. If I were to allow a revival of the discussion on a Resolution, which appeared under a different form, then in so far as we have covered the ground, we should go over it again. It is a very simple point, and I think it will appeal to the Council. It is difficult for me to apply that in individual cases, and if Honourable Members do not give effect to this ruling in general terms and in the spirit, it is impossible for me to intervene to stop every member who mentions rice and who indeed may well be in order. The main thing is, we should not re-discuss what we have already discussed.

The HONOURABLE MR. SETHNA : Thank you, Sir. I will take care to be wiser.

I rise to support this Resolution and say a few words in that connection. I think the Honourable Sardar Jogendra Singh is rendering a service both to the Government of India as also to the public of this country in bringing forward a discussion on this Resolution at the present stage.

And if the Government of India are now disposed to remove such restriction they will certainly welcome a mandate from the representatives of the public such as this Council is composed of. I am sure that the thinking public of this country will also welcome a discussion on the subject, because a time has been reached when perhaps this control might well be removed. Sir, the control of food-stuffs is something new in the history of this country. There is no country in the world which suffers from drought and famine as does India, and yet in its past history we do not know of restrictions on the export of food-grains having been introduced by Government at any stage. If Government had done so during the war, it was because of the conditions that then arose. Our Allies who even if they could grow cereals, were prevented from doing so on account of conditions prevailing, had to rely on those friendly countries which could give them food supplies, and India certainly was one of those countries. But, Sir, the position was this, that those Allies did not care to bargain, but were quite prepared to pay whatever price was demanded, with the result that prices in this country rose to such giddy heights that exports were on a much larger, a very much larger, scale than before and, worse still, the position of affairs helped the profiteers in their capacity. The question now is, Sir, whether that condition now continues ? The

Honourable Sardar Jogendra Singh has referred to the fact of 40,000 tons of wheat being released by Government, and I think he mentioned that 250,000 tons were purchased and exported. If my information is correct, the purchases have been to the extent of 300,000 and perhaps shipment to the extent of 250,000 as he mentioned. But, Sir, what we have got to ascertain from this release is, whether the release of 400,000 tons has so appreciably raised the price of wheat in this country as to enable us to continue to control exports. I contend, Sir, in the first place, that although 400,000 tons have been released, not more than 250,000 tons have been shipped, and I further contend that the purchase of these 250,000 tons has not helped prices to the extent that should be possible to the consumer. Then, Sir, it must be borne in mind that both the Government of the country and also the public are convinced of the necessity for removing the control which exists to-day. I welcome the Resolution, coming as it does just at the present moment, because the crop is being reaped and the northern exports of wheat are generally made in the months of April and May. If exports are made in April and May, purchases have to be made in regard to such exports some months in advance, and it is high time that they were made. If, therefore, Western countries desire to participate in the purchase of Indian wheat, they must instruct their agents in this country to do so just now. But the exporting firms in this country are, and must be, in great suspense, not knowing their position or whether, if they make any forward contracts, Government will allow them to ship the quantities they desire to. Therefore, I say, Sir, the Resolution is most opportune coming as it does at the present moment.

Sir, only yesterday we received the Gazette of India in which we find from the departmental statistics that there is considerable improvement in the total acreage of this country. In the Report dated Calcutta, February the 8th, we find that the area reported in the first forecast for 1920, 21, made in January, was 22,575,000 which has increased in a month's time to 23,350,000, showing an increase of 775,000 acres. And I hope, Sir, that the latter rains that we have had will also improve the yield per acre, all of which tends to the conviction that perhaps the time has arrived, as the Hon'ble Mover has said, for considering the question of removing control. Again, Sir, I would ask the House to bear in mind that this Resolution was moved by some one who possesses not only first-hand information and who, as I understand, owns several hundred acres himself, but also comes from a Province which is the granary of India. For I understand that the area under cultivation in the Punjab is responsible for nearly one-third of the 23½ million acres of land to which I have just made a reference.

All things considered, therefore, Sir, I take it that this is the psychological moment for Government, as well as for the public, to consider this matter, and I do hope that this control, which was introduced as a war measure, will be admitted to need removal for the benefit of the country at large, and I contend, Sir, that the removal will go far to benefit the country. The Honourable Sardar Sahib in the course of his speech gave us some very interesting figures, figures, even the best that I have met, are never entertaining, but there is one figure which he quoted for which I need ask no excuse of the House for quoting again. It is this. He observed that if the total population of this country deprived themselves to the extent of only 1-16th of a pound of food-stuffs per head, it would result in the saving of a quantity as large as one million and a half tons which would be available for export. I leave it to the House to imagine what this means, particularly at a time when the balance of trade is against us and, if these exports were allowed, how greatly it would improve the position of India.

THE HONOURABLE COLONEL SIR UMAR HAYAT KHAN : Sir, after the able speech which has been delivered by my friend the Sirdar Sahib I think it is very difficult to add anything. All the Zamindars ought to be grateful to him. I, as a Zamindar, cannot but support the Resolution, and thank him on behalf of all the Zamindars. We in India, I think, form the bulk of the population, and yet we are told that, though we form the bulk, we must be under the minority which does not cultivate the land. This has been the case for a very long time. It is not only that we suffer in this way, but we cannot sell our own produce or our own property. It is a curious thing. Suppose I had this thing, this bundle of papers of my own, a man gives me Rs. 20, another offers Rs. 10, and I am told that I must sell it for Rs. 10 and not for Rs. 20. If this was all the trouble, perhaps we would submit. But each day comes heavier taxation on the land and this is because we have not got a sufficient voice. All those men who have got money and not land, educate their sons, and they predominate everywhere. They are in the Councils, they are in the services, in fact they dictate to Government, and because they are also agitators Government thinks it is rather difficult to shut their mouths.

They know that the Zamindars are not going to agitate and so nobody listens to them. I think it is high time to stop their influence and that justice should be done to us. We have heard a lot about justice. Everybody gets justice who asks for it, except we poor people who do not get it. Apart from all this, unfortunately, we have been the prey of everybody. The lambardar, the zaildar, the patwar, and various others come and live

on us. If we cannot sell our grain, and Government does not allow us to sell it for better prices—and low paid officials live on us—our lot becomes unbearable. Again, these *bandobasts* or settlements are in themselves an awful trouble.

THE HONOURABLE THE PRESIDENT : We are not discussing the question of settlement, but the question of export of food-grains, and the Honourable Member has already wandered at some length from the Resolution, and I hope he will now come close to it.

THE HONOURABLE COLONEL SIR UMAR HAYAT KHAN : These are also the difficulties that bear heavily on us. If we were merely stopped from exporting our grain we might bear up, but we have got other difficulties to contend with, and that is why I say, Sir, that we should get justice. Again, the produce that we can get from a particular area sometimes forms a bare subsistence, and if anything further is imposed, really it is our stomach that is taxed, and so it is taken out of the stomachs of the poor Zamindars. People who have not got land may earn Rs. 2,000, but still would not pay a single pice to Government, but if we earn ten annas we must pay a tax on it. That is very unequal treatment. So, in conclusion, I would only say that I hope the Sardar Sahib will not follow the example of many other friends who, after talking the matter over with others, withdraw their motions. I would ask him to stick to his motion and let us see who are for the Zamindars, and who are for the money-lenders.

THE HONOURABLE B. N. SARMA : Sir, the Government welcome the Resolution, for the simple reason that they are anxious to know what the mind of the country is on this important question, and I hope it will be possible for the Legislative Assembly also to find some time to give us an expression of their opinion on this vital problem.

The Honourable Sardar Bahadur dwelt at some length upon elementary principles of free trade, and upon the violation of those principles by the Government in the past in restricting the export of food-stuffs in the manner in which they have done. I have already, on a previous occasion, informed the House that the Government were only too anxious to remove the embargo at the earliest possible date, if they can only see their way to do it, and even now they are exploring all possibilities for adopting such a course. I looked for some light to be thrown on the subject by the Honourable Member who is speaking for the Zamindars in the Punjab, but I must confess that I have been disappointed. I should have liked

him to have told us what he expects would be the condition of the food-supply in his Province, how many are the landholders in his Province who have suffered by reason of this embargo on export, who are suffering now by reason of its continuance, whether he has got any reliable estimate, better than the one which the Government has, of the stocks of food supplies in the country which are rotting in the granaries because they are not exported—I should have liked some information on that subject to enable the Government to come to some definite conclusion. But I suppose it was too much really, because this is a matter on which only vague generalities are possible, and I was not surprised that Government could get no nearer to the solution after hearing the speech than before.

I would like to correct one misconception in the beginning, that the policy of the Government has been somehow hitting very hard the Zamindars in the Punjab and in other Provinces who are cultivators. I do admit that a few of them would have made much larger profit from the surplus in their hands than they have been able to do during the last two or three years, but that probably is, I submit to the House, a very very negligible number, though very important from the point of the men affected, commanding men of influence in the country who have got the ability to make themselves heard. It was curious that in the Punjab, where the term Zamindars is applied to landed proprietors among whom are included what we call ryots in the Madras Presidency, out of a total of 3,951,000 there were only 317,538 majors—I am excluding minors and females—who paid a land revenue of Rs. 20 and more to the Government. Therefore, it is only one-tenth of these peasant proprietors or Zamindars in the Punjab who paid a land revenue of Rs. 20, and I should think it is not improbable, therefore, that the remaining number who would not have been in a position to export to any appreciable scale, could have suffered much, and I have no figures to show of this number 317,538 what the number is who really pay any considerable revenue, and who are likely to be in possession of large surplus stocks, and must presumably have suffered by reason of this embargo, but I venture to think that that number cannot be considerable, though the mere smallness of the number is not a point which the Government can afford to neglect. And have these proprietors done so badly? The price of wheat on the 15th February 1914, before the war, was in Lyallpur Rs. 3-8-10. It was in the neighbourhood of Rs. 5-11-0 on the 15th February 1921. It was between that period very much higher, somewhere nearer Rs. 6 and more. Even as it is, the percentage increase is 60 per cent. over the pre-war price, and I would ask the House as to whether the landholders in the Punjab, who even

now are able to make 60 per cent. more on their wheat produce than before the war, can be said to have been so cruelly hit by a stupid Government which neglects the interests of the Zamindars, and whether it is not, on the other hand, probable and possible for the poor men who may be classed among the consumers—consumers of the produce—to say that the landholders are out for profiteering if they ask for more than 60 per cent. profit. Well, Sir, this is a question which has a wider bearing and wider issues, and I shall try to approach it from that standpoint, and not from the standpoint as to whether a few people suffer by reason of what they may consider their fair and legitimate profits having been reduced in amount.

Owing to the famine of 1918-19, Government felt the wheat situation was so difficult that they were obliged to import Australian wheat to the extent of 140,000 tons in 1919. Well, let us for a moment forget the period prior to 1918-19. The import of wheat, I suppose, is an indication that the Government felt that the stocks in this country were so unduly depleted, whatever may have been the causes, that, instead of being an exporting country, we had to be an importing country. Well, I need not allude to the enormous death-rate during that period, I need not allude to the great suffering during the period owing to an insufficiency of the food supply; it was phenomenal. Well, the Government, I think, can take credit for a wise resolve when they said 'we will allow some time to elapse for the food stocks to be replenished in the country so that we may be able to meet an adverse season, if such an adverse season has to be faced. In 1919-20 there was a good season, and there was a production of ten million tons of wheat. Therefore, in September of last year, the Government, both in the interests of the agriculturist as well as in the general interest, examined the question and felt that something might be done to ascertain how the position stood, and whether there could be an export of 400,000 tons subject to the limitation of a price of Rs. 5-8 per maund in Lyallpur. There was an outcry. Well, there will always be an outcry from interested quarters, whether from the Zamindars or from other people, but I think we shall have to steer our course clear between the opposing currents, without paying attention to any ignorant outcry whether it comes from one side or the other. The Government were exposed to the attack that they were selling the life-blood of the nation in order to retrieve their exchange position; but the Government were not moved in the slightest degree by such an ignorant criticism, and felt that they were doing right in trying to see whether there were any surplus stocks which waited to be exported, and to give facilities for their

export so long as the price of Rs. 5-8, which was more than 50 per cent over the pre-war price, was not exceeded. I think, it would have been foolish on the part of Government to permit, if possible, an increase in prices beyond 50 per cent., over what they were in pre-war times in order to allow export of any little stocks that might have been possibly exported if there had been no fixation of prices. Now, what was the result? We could export only 250,000 tons.* Does that indicate that there is such a surplus stock in the country as finds a difficulty in finding a market inside India and have to be exported outside India. To my mind it looks as if the fact that the 400,000 tons were not readily forthcoming showed one of two things, either that the men who were in possession of the stocks thought that, when the embargo was removed, the prices would go up, or that there is a little surplus beyond 400,000 or 500,000 tons. But let that pass. What is the situation with which the Government is confronted to-day? The Honourable Mr. Sethna rightly said that we had an improvement of 300,000 odd acres over the crop estimates in January with regard to area. But may I point out that this is no real improvement, because the Indian States' figures have been subsequently added to it. But, however that may be, we find now that there are 23 million acres under cultivation as against 31 last year, or a decrease of eight million acres. And this is the description of the crops: 'The prospects of the standing crop in the Punjab are slightly below normal on irrigated, much below normal on unirrigated land. There has been slight improvement owing to the rains, but still even in the irrigated areas blow normal, unirrigated much below normal.' 'Central Provinces, poor.' 'Bombay, fair in irrigated parts, in other places withering or poor.' Therefore, it cannot be said that the outturn can be very much larger than it was in 1918-19 when the area under wheat was 23,798,000, or slightly higher than the area according to the present forecast. I hope our forecast will prove disappointing in the sense that we get a better outturn, but as things stand at present we cannot reasonably expect a very much better outturn than in 1918-19. The area is smaller and, if the facts are as stated, the total production will be about $7\frac{1}{2}$ millions, as it was then, as against 10 millions of last year. So there will be a deficit of 2.5 as against the wheat crop of last year, and of 1.7 millions as against an average during the last five years. What was the amount that was being exported? In the best year it was short of one million and a half. It varied, sometimes it

*NOTE.—The profit to Government was Rs. 90,00,000 or Rs. 36 per ton.
L. L. P.

was 1·2 or 1·3, sometimes 800,000 tons, and even lower. Therefore, the normal deficit of this year will be much larger than the normal export during previous years. Well, it may be said that in one year which my Honourable friend quoted, if the figure is correct, there were six million tons of outturn, but there was a large export. Assuming it to be so, there is this difference. The exports of the previous year were very small and there are generally stocks of previous good years. Consequently, we can only take the position on the average of a certain period and not during that very year in which there is a deficiency of supply.

Now, the second point worthy of observation is that the various outturns of crops have been considerably revised during previous years on a more accurate basis, and consequently we can only go on the estimates of the last five years usefully in comparing the present, and we cannot go back for a comparison to a period very anterior, when there were no proper statistical figures for parts of some Provinces and for large areas. Well, taking that, what do we find? We find that in 1915-16 the yield was 8·6 million tons of wheat.

In 1916-17	.	.	.	.	.	.	10·2
1917-18	.	.	.	.	.	.	9·9
1918-19	.	.	.	.	.	.	7·5
1919-20	.	.	.	.	.	.	10·09 or an aver-

age of 9·2, against which we expect 7·5. I wish that the picture were a little more rosy and bright, that the Government may act as suggested. That is the reason why, although the Government are willing to examine the question almost immediately and to accept the proposal to withdraw the embargo on exports as early as practicable, they cannot accept this Resolution which asks the Government to remove the embargo forthwith or immediately.

Now, it may be said that people living on wheat may live on rice or other food crops. Some of the other food-stuffs may replace one another within limits, so you cannot look only to the yield of a single crop in order to ascertain the total deficiency of the food-supply. I will not go into the rice question again, but here also we expect a deficiency according to the latest estimates of 5·5 million tons as against last year. Honourable Members will realize that India proper has never had really any surplus of rice during the last six years, or even previously. What she was doing was this. She was getting inferior rice from Burma and exporting her superior rice. Therefore, from the point of view of the food-supply of rice, India has never been really more than a self-supporting country.

It, therefore, we have to preserve Burma rice for India, how can we adopt the suggestion of removing the embargo on rice or embark on a new experiment immediately ?

With regard to the other food-stuffs, the Honourable Member will find that although there are no forecasts made in respect of barley, jowar, bajri, maize and gram, figures of production are given, and if he will only take the trouble to find them—he can find them in the statistics of crops published every year. But to the deficiency of rainfall I need not allude at any great length, as it does not in any way considerably relieve the situation in dealing with the other crops.

The Honourable Mover put me some questions in the course of his speech and he was sorry that my answers on a former occasion were not very convincing. He asked me as to whether I could tell him what the agricultural income per head of the population is. He was evidently of opinion that the Curzonian figures of Rs. 30 per head still hold good, and that the Government dared not throw any additional light on the subject. I may say that the question was gone into in 1914, and it was found that the agricultural income, even at the prices ruling in 1911, was somewhere about Rs. 86, and according to the present prices it will be much more, say 50 per cent. higher, but as Government feels its responsibility to be thoroughly accurate, it did not publish the figures about which it had some doubts, and I do not think I can enlighten him further on that subject. The answer may be unconvincing, but no one can answer that question accurately. A good deal depends on what may be included under the head agricultural income, *e.g.*, milk and straw. These are things which are considered as agricultural produce by one set of persons and not by another. But Honourable Members will find that the agricultural produce is very much larger per head than what the Honourable Mover imagines, and I may, for his benefit, allude to a remark of the Punjab Government in its Administration Report for 1918-19 that the landholders in irrigated areas had crops estimated previously in 1917-18 at 33 crores, and in 1919 they had similar crops valued at 55 crores, and all this was without paying a single additional rupee to the general exchequer. So I wish there would be less talk about the Government imposing unnecessary burdens, and these figures are a sufficient refutation on behalf of Government to prove that the assessment, if any, is only perhaps too light.

Then it was asked, if you are going to serve him in this fashion what is the poor landholder to do, has he not to provide for his cattle; has he not to build his houses? I may tell the Honourable Member that the increase on the building materials has been only 27 per cent. as against 51 per cent. for foodstuffs, or even 55 per cent., sometimes including

cereals and pulses. Cattle are generally owned by cultivators, and if the farm servants are paid their wages in money there will be some gain. If they are paid in kind, the cultivator does not lose anything at all, so the Government does not hit him as hard as is sometimes represented. But I do not wish that the Zamindars or the landed proprietors, here or elsewhere, should be under the impression that the Government have any the least desire to minimise the profits of cultivation, or that they wish to tax them indirectly for the benefit of the other classes. It is far from their intention, and that is the reason why Government have taken particular care that no additional burdens are thrown upon the agricultural classes in respect of taxation this year.* I think that is enough to prove the solicitude of the Government on their behalf. I am sure there is not much danger of land under food-crops going out of cultivation from under that head, because if you analyse the figures further, you will find that in respect of raw jute the increase has only been 18 per cent., as against 50 to 60 per cent. for food-stuffs. Cotton has been falling considerably, and there is a general decline in prices, and consequently the man who grows food-stuffs is not hit so hard as the others. Apart from that, it is not so easy to change one method of cultivation for another. Therefore, I put the case for Government in this way. I do not wish that the Government should be understood as fighting for a position of hostility to the Honourable Member. While they regret that they cannot accept his Resolution, which asks that they should remove the embargo on the export of food-stuffs immediately, I have already given an assurance more than once that the position will be examined and the embargo will be removed as early as practicable. The only reason why I have gone at such great length is to convince the Members of this House that the Government have taken the only attitude that they could possibly take on this subject, in holding the scales evenly between the producer and the consumer in India. They have to remember that the margin, at the best of times, is very very narrow. They have to remember that the prices of food-stuffs have gone enormously high; they have to remember that wages would take some time to adjust themselves. They have to remember that they had to face very heavy mortality in 1918-19; and they had to remember that various parts of India are now in deep distress, Central Provinces, parts of Bombay, parts of Orissa, Madras and the United Provinces. Many are in relief works; many are in test works; many are being gratuitously relieved. We have to remember these things and,

*NOTE.—The Hon. Member doubtlessly meant *direct* taxation.—E. L. P.

therefore, I think nobody can say that the Government have been wrong in not taking any precipitate action. Gentlemen, even now the price of food-stuffs in outside countries is higher than what it is here, and consequently the removal of the embargo may lead to a sudden increase in prices. The Government have to be careful, at least for a few months, until they know where they are and what the future position is going to be. However, I need not labour the point, further. I hope this assurance that the question will be examined immediately, and, if possible, steps taken, will satisfy the Honourable Member.

The HONOURABLE SIR M. DADABHOY: May I inquire from the Honourable the Revenue Member if he can give us some indication of the time when he expects this embargo on food-grains to be removed. We have heard his very interesting speech and he has said that the restriction will be removed at an early date. I would like him to give the Council some indication of the time when he thinks it will be possible.

The HONOURABLE MR. B. N. SARMA: I cannot give any definite assurance but I think that, as soon as the Executive Council is relieved of its present business and His Excellency the new Viceroy has assumed charge, it will be possible to have the position examined and a conclusion reached. Further than that, I am not in a position to say at present.

The HONOURABLE MR. FROMM: Sir, when I came to this Council to-day I did not intend to speak on this subject, because I thought that it would be only right to keep away from it any commercial aspect. We do not want to profit over this question of the removal of food-stuffs. I would rather hear the views of the other Honourable Members of this Council and the reply of the Honourable Member in charge of Revenue and Agriculture. But I cannot help rising to place before the Council one point which, if I may be allowed to say so, I think the Honourable Member has viewed from an entirely wrong standpoint. I will only take up the time of the Council on this one point. First of all, we all know and we have been told many times that the Government are anxious to get rid of this control. Then, some six months ago, the Government announced the release of 400,000 tons of wheat. Up to date only 250,000 have been shipped. From that the Honourable Member adduces that either sellers are holding back for higher prices or that there is not sufficient wheat to go abroad. I do not think that is the lesson we should learn. The lesson we should learn is that there is no demand from Europe, and my point is are you going to release this control over the export of food-stuffs when all the other countries are rushing to get it, or is not this the

time to do so, when there is no demand ? This is the point for the Council to consider. There is no demand from European countries by reason of financial crises and financial stringency—I know that from the business with which I am concerned, so I can speak with authority on this point. Is not this the time to release the control which the Government is so anxious to get rid of ? I contend that it is the time. I do not wish to discuss any other point.

THE HONOURABLE MR. LALUBHAI SAMALDAS : I rise to support this Resolution moved by my friend the Honourable Sardar Jogendra Singh. We, in this House, will have full sympathy with what fell from our Honourable friend, Sir Umar Hayat Khan. He said that he wanted to see whether this House was for the agriculturists (or Zamindars as he called them) or for the money-lenders. I think we may assure him that we are all for the agriculturists. Agriculture is the backbone of the country and, unless we improve the condition of the agriculturist, the country as a whole would go no further. I would have supported the Resolution on this ground only, but there are other grounds for my support. The Honourable the Revenue Member tried to prove that the advantage of the higher prices would have gone only to affect only a very very few persons. If I remember the figures correctly, he said that out of 3 millions and odd only 3 lakhs and odd, men pay revenue assessment of more than Rs. 20, that is in the Punjab. I will take the Punjab only. I was not able to catch the figures given by the Honourable Member, but he said that the assessment was light and he proved from figures quoted from the report of the Punjab Government in 1918-19 to show that the assessment was very light. I will take it at 10 per cent. In the Deccan we make it out to be 7 per cent. It varies a great deal, but I will take 10 per cent. which means that, if a man's income was Rs. 200, he was paying Rs. 20. The figure of the assessment paid is not the figure to be taken into consideration, the figure of the actual income that has to be considered. Now, if the prices had gone up, say instead of 60 per cent. as the Honourable Member puts it, prices had gone up to 75 or 80 per cent., he would have got 250 instead of 200. After all an increase of Rs. 50 to a family man is not a matter of no importance. It is quite enough to enable him either to buy cattle or to have a small house or to have a little more luxury. Is that a matter which could be easily brushed aside as the Honourable the Revenue Member wanted to do ? Then he tried to show that as only 250,000 tons of the 4 lakhs released could be purchased, there was very little spare stock demanding export. My Honourable friend Mr. Froom said that, as there was no demand from the Continent, this was the time to remove the embargo on export. I put my case

for the removal on other grounds. If the Honourable the Revenue Member thinks that there is not sufficient extra wheat in the country, if that is the inference that he wants us to draw—that from the mere fact, that out of 400,000 only 250,000 can be got, it follows that there is no more wheat in stock, why all this insistence on control. Why should the agriculturists not be allowed to act on principles of free trade. My Honourable friend the Member in charge of the Revenue and Agricultural Department said that the Honourable Mover had, in his opening remarks, referred to the principles and theory of political economy and free trade. I do not see anything wrong in doing so. There are occasions when we must go back to the basic principles of political economy. Why should not the principle of free trade prevail and agriculturists be allowed to get the best price for their produce, and why should Government practically force them to sell at a lower controlled price? I am not making any charge against Government. I quite sympathize with the Honourable the Revenue Member in his anger, because Government has so often been abused that Government Members are sometimes justified in being angry when Government is abused within this Hall. What he says is we wanted to release 400,000 tons and we are accused of doing it to help the exchange. Well, whatever their motive was, they did it, and now that they have done it, they do not want to release any more. They do not want to give up the control. I ask the Honourable Member if he is not inconsistent in his arguments when he says there are no stocks and then says we still want control. If there are no stocks, why not allow freedom to the agriculturists? Statistics, Sir, can be used by both parties to serve their own purpose.

The Honourable Mover said that when the total produce was 6 millions we were able to export one million. The Honourable the Revenue Member says there must be more accumulated stocks of the previous years or the figures are taken of times when statistics were not correctly kept. But may I ask one more question? When the crop, as my learned friend Sardar Jogendra Singh Bahadur said, was 6 millions, 1½ millions were exported. I believe, Sir, that on another occasion when it was about 7 millions, more than one million tons was exported. My Honourable friend says this year there has been a decrease in the acreage of 8 million acres and he says that the net deficit will be 2·7 million tons. He says, how can we export? May I ask, is it in the interests of the consumer in India that this control is kept or is it in the interests of other parties? Let us be clear about it. If it is in the interests of the consumer in India, why is there any wheat export even under control?

Let all export be barred, that will mean something, and then we can very well understand that the Government is taking the action for the consumer. Here, the consumer is not benefited. The producer loses, the money goes to the middlemen,* and that is why I protest against it and support this Resolution.

THE HONOURABLE MR. E. J. HOLBERTON : Sir, like the Honourable Mr. Froom I had no intention to take part in this debate, but it seems to me, if I may say so, that we have wandered off to so many side channels that, in the hope of bringing the debate to a conclusion at an early moment, I have ventured to speak a word.

It seems to me that the question of control, and control alone, is the one which we are discussing. The differences or difficulties of classes of the population are not concerned here. Control was unknown with reference to the food-crops of India before the war. It came to us as a war necessity. It remained afterwards as a temporary necessity, but only for one reason, *i.e.*, so far as I have ever been informed by any responsible Government officer, it was retained for the protection of the people. There was no question of assisting the markets or the merchants or the cultivators as sellers or barterers of food-stuffs. It was merely a question of conserving a sufficiency of food-stuffs in the country and building up the resources which had been depleted. It seems to me that at the present moment everything points to there being a sufficiency. Allotments which have been allowed for export for various provinces—I do not dare to mention the names of the food-stuffs concerned for I shall be ruled out of order—the various allotments have not been taken up largely for reasons which have been given by the Honourable Mr. Froom. The position now is that there is plenty of food-stuffs in the country and there is no disposition for an undue portion of it to be taken away. Now is the time for the Government to come out and take its courage in both hands and decide to revert to the state of affairs in which India has lived for centuries, namely, freedom of export of food-stuffs.

THE HONOURABLE DIWAN BAHADUR RAMABHADRA NAIDU : Sir, I do not like that this Resolution must go without a support from the Madras Members. The Punjab difficulties which my Honourable friend Sir Umar Hayat Khan has so bluntly described as appertains to a soldier, are equally applicable to the Madras Presidency also. You know that under the Madras Estates Land Act, though the tenants do not pay the *kist*, the zamindar is obliged to pay his *peishkush* in time to Government. He is obliged to borrow at rates of interest ranging from 12 to 18

*NOTE.—Vide pages 17, 27 and 41.

per cent., while the ryot can pay at the end of the *fasli* at six per cent. The zamindar and the mirasidar, to pay off the Government dues, have to sell their food-grains at a low price. They are put to a great loss in order to satisfy the Government dues. The loss is terrible. We have vast areas like the Periyar tract where large quantities of food-stuffs are being grown. The mirasidars are put to the greatest difficulty. They are not able to sell at a profitable rate. They are obliged to sell at a low price. If this embargo on food grains is not taken away, I do agree with the Honourable Mover and other friends that our community, high and low, will be put to the greatest loss.

The HONOURABLE SARDAR JOGENDRA SINGH : Sir, I wished to begin with a quotation, but my Honourable friend Mr. Sastri took exception only a little while ago to the Honourable Sir William Vincent making use of one. The Honourable Mr. Sastri thought that the introduction of light matter was not befitting the seriousness which should be observed in this House. Personally, I think we ought to have some laughter. We Indians respect philosophy, and I am sure when I refer the Honourable Members to Bergson's *La Reri*, they will admit that laughter too has its uses. Most of the Members, I feel, are ready for lunch and I have no desire to detain them a moment longer in discussing matters which have been fairly well discussed by Messrs. Froom, Sarma, Holberton and others.

I think the Honourable the Revenue Member himself is not prepared to vote for this Resolution, because as he pointed out in reply to a question by Sir M.B. Dadabhoy, that he expected to discuss the question as soon as the new Viceroy arrived. I think an expression of opinion by this House would greatly strengthen his hands in putting this matter before the Viceroy when the time arises, which is going to arise at no remote date. So I am quite sure that an expression of opinion in this matter by this House would strengthen his hands. He is not really opposing the Resolution. He only formed his own convictions in this matter in early days, and these opinions he cannot get rid of.

The Honourable Mr. Lalubhai Samaldas pointed out to the Revenue Member that in the Punjab, the number of people who paid revenue above Rs. 20 a year, was very small, but that did not affect the case. The Revenue Member ignored the fact that the people who paid Rs. 20 a year were very large and that they, in any case, have to sell each of them Rs. 20 worth of grain every year, and if he would only multiply the figures he would find that several hundred thousand tons of wheat have to be sold by these small growers. The Honourable Member based

his conclusions on statistics which, as the Honourable Mr. Lalubhai Samaldas pointed out, you can twist one way or the other. My attention was drawn, the other day, to an article in the *London Times* where Mr. Drew, in a letter which he addresses on the question of wheat, said that official statistics are absolutely of no value. If they can be so in England which is a small country, so far as agriculture is concerned, the figures in India, in any case, cannot be very much depended upon. In England they have made a mess of wheat control as many articles appearing in the *London Times* point out. I was going to read quotations, but I must not exhaust the patience of the Honourable Members.

But I repeat that these artificial controls cannot be really enforced. You may talk about them, think about them, but when it comes to carrying them out, it is impossible to carry them out, because the factors which rule the level of prices are not within the control of any Government anywhere.

The arguments adduced by the Revenue Member about the prices of food cannot hold. I do not know how he would fare if he went to-morrow to Calcutta or Bombay where the mill-owners are working at a tremendous margin of profit, and tried to regulate prices. He would find that the objections raised would be stronger than those which have been raised against the control of food.

Then, again, he remarked that if there had been no control, only a few people would have made profits. I do not know how he makes that out. All those who grow wheat, rice and other crops, will share in the profits to the extent that they bring their produce to the markets. You may say that the profits of the larger growers would be larger, but the profits of the smaller growers would be there.

Then, again, talking of the increased profits from the food crops, he said that the prices in any case are now 60 per cent. higher than they were before the war. Well, he did not take into account that the cost of production was nearly 300 per cent., which is higher than it was before the war. He tried to deal with the matter very mildly. He said that the bullocks and cows belonged to the agriculturists. Well the bullocks and the cows certainly belong to him; so does the land belong to him. But do not the bullocks and the cows and the land represent capital? I think if you were to consider the capital that is invested in land, you will find that the agriculturist makes the smallest possible profit on the capital which he has put into the land of any other person in the world.

Then, again, the Revenue Member alluded to the larger death rate in a certain year. Well, it is an alarming thing, if you come to think of the larger death rate, but he did not say that it was due to influenza. I have never seen so far an admission by any Honourable Member that the death rate has been due to the want of food, and I should very much like to know how the Revenue Member arrived at the conclusion that in the year he mentioned, I forget which year, the death rate was alarmingly high because food was scarce. I hope he will clear up that point when he speaks on this subject again.

The argument that last year only 250,000 tons of wheat were exported has been very clearly dealt with by the Honourable Mr. Froom.

There is hardly anything more to say, because I feel that the Council is with me and I am bound to win. If the Council passes this Resolution it will certainly strengthen the hands of the Revenue Member. It needs courage you know, to remove the embargo, and I think he ought to take his courage in both hands now and remove this control on the export of food-grains, because he will have to do it sooner or later. Why delay it when public opinion favours the removal?

THE HONOURABLE MR. B. N. SARMA : Sir, the point mentioned by the Honourable Mr. Froom did not escape my attention, and I think did not escape the attention of the Government of India, that inasmuch as there is not much demand at present from the outside world for Indian wheat, the present may be a convenient time for removing the embargo. What may perhaps be said is that, if there is so very little demand for Indian wheat from outside, no very great injustice is being perpetrated upon the landholder if the embargo is not forthwith removed. But that is another point. The real question which the Government had to consider was as to whether these fluctuations in prices in the outside markets are not merely temporary in character, (although a downward tendency, may be perceived), by reason of the absolute dislocation of the Continental trade markets and the abnormal position of the exchange. It is absolutely difficult to know what 65 shillings would mean. If the exchange is 1s. 3d. and odd, as it is now, you can pay a much larger price in India than if it were 2 shillings or 1s. 8d. similarly with freight. Then, when the Continental demand is brisk, if there should be a large export of food-stuffs from this country at a time when there is no real surplus in the country, the danger would be that, when we are faced with a slack season, the Indian prices would go up so phenomenally high so that

the poor people who already have to pay 60 per cent. more than the pre-war prices would be hard hit. That is a consideration which we had to bear in mind, but I want to say it was not a decisive consideration.

The HONOURABLE MR. A. H. FROOM : My point was this, Sir, that the Government had announced times without number that they are going to withdraw this control, and I was not looking to the future. It would be very much better for them to withdraw it now than when the demand from Continental countries begins.

The HONOURABLE THE PRESIDENT : The Honourable Member must not argue. He must make a simple statement of what he said.

The HONOURABLE MR. B. N. SARMA : We have pledged ourselves not to allow any exports until the 31st of March, so the removal of the embargo forthwith is out of the question. I was only trying to meet the position that the present may be a very convenient opportunity and hence our doubts in that respect.

Then there was one pertinent question which was put to me, as to whether I am prepared to say that the death rate in 1918-19 was due to lack of food-supply. Every one is aware that it was due mainly to influenza. You cannot differentiate between the death rate which was due to influenza, the enfeebled body not being able to meet the ravages of the epidemic and death rate due to other causes, but I think it is common knowledge that an enfeebled system would not be able to stand the ravages of an epidemic to the same extent as perhaps a virile, strong system, speaking in the aggregate and for vast populations, and here comes the relevancy of the pinching process argument which was referred to by the Honourable Mover. Before we can adopt the suggestion of the Honourable Mover, we have to consider whether Government can permit at this time of high prices the pinching process to be carried on any further, but he thought that perhaps the time had come when we could do so.

Then with regard to the inaccuracy of statistics, generally, that is a matter, I think, I need not refer to. I may, however, point out to him that in 1908-09, the exports were 2,100,000 cwts., it was only in later years that they were one million tons and more. Consequently we cannot draw any deduction from that. The outflow of wheat from this country depends largely upon the demand from abroad, and the capacity of India to consume or to pinch herself a little for the purpose of exporting it. I think, therefore, Government have shown adequate reason for not agreeing to remove the embargo forthwith. If the Honourable Member is

willing to accept as an amendment in the Resolution the insertion of the words 'as early as may be practicable or at a very early date,' I have not the slightest objection to accept the Resolution.

THE HONOURABLE THE PRESIDENT : I must really point out to the Honourable Member that it is not for him to accept a Resolution, but it is for the Council to do so. Moreover, if at the last moment the Honourable Member rises in reply after the Member has spoken and then proposes what is in substance an amendment, I shall have to re-open the whole debate for every Member will have a right to speak on it, I must request the Honourable Member not to do it.

THE HONOURABLE MR. B. N. SARMA : Then I would drop it. I have already said what the intentions of Government are, and they will be only too glad to know what the wishes of this House are in regard to this Resolution. As far as Government is concerned, they cannot accept the Resolution, in the terms in which it stands.

THE HONOURABLE MR. E. J. HOLBERTON : Sir, am I in order in asking the Honourable Member to explain what he means by saying that Government have already made up their minds ?

THE HONOURABLE THE PRESIDENT : The Honourable Member would not be in order.

THE HONOURABLE THE PRESIDENT : The question is that the following Resolution, *viz* :—

' This Council recommends to the Governor-General in Council that all restrictions on export of food-grains from India be removed forthwith.'

be accepted.

The motion was adopted.

19th February, 1921.

THE IMPORT AND EXPORT OF GOODS (AMENDMENT) BILL,

MR. C. A. INNES : I rise, Sir, to ask for leave to introduce a Bill further to amend the Import and Export of Goods Act, 1916. The Bill Sir, is a very short one. The only important clause is clause (2), which extends the life of the Import and Export of Goods Act, 1916, for one year more, *i.e.*, up to the 31st March 1922. Honourable Members are no doubt familiar with the history of this little Act. It was passed in 1916 as a war measure. It was designed to enable us to exercise that detailed control over imports and exports which was considered necessary for the successful prosecution of the war. Accordingly section 1 (3) of the Act as originally passed provided that the Act should remain in force for the duration of the war and for six months later. I believe, I am correct in saying, that officially the war has not yet ended, but in 1919, the Government of India thought it proper that the Indian Legislative Council should have an opportunity of considering whether this Act should be allowed to remain in force. At that time the Act was required almost entirely with reference to the foodstuffs position. The Sea Customs Act gives us power to prohibit or restrict by notification the import or export of specified goods either generally, or to or from specified countries, places and ports outside of British India. But the Import and Export of Goods Act provides a more elastic procedure. It enables us first to prohibit exports; then to relax the prohibition to such an extent as may seem advisable, and then finally to regulate these limited exports by means of licenses issued by the Collectors of Customs, such licenses containing such conditions as may be thought suitable to the circumstances of the particular goods in question. A Bill was accordingly drafted extending the Act for three years and was placed before the Indian Legislative Council in 1919. By request it was postponed to the last Delhi Session and then it was remitted to a strong Select Committee which contained five non-official Members. The Select Committee was specially instructed to report whether the scope of the Act should be limited in any way, but it did not advise this course. Instead, it recommended that the Act should be extended in the first instance for one year more. At the same time it placed clearly on record its opinion that the foodstuffs position might at any time necessitate a further extension of the Act. This is what has happened. As Honourable Members are aware, the last year's monsoon was a very disappointing one, and it is still considered necessary to place restrictions on the export of certain foodstuffs. I should like to explain parenthetically that the Government of India

have not in any way abused the confidence reposed in us by the Legislative Council last year. Only one new commodity has been brought on the Prohibition List within the last year, that is coal, and this action was not taken until every Chamber of Commerce in India had been consulted and until the matter had been twice discussed at Calcutta at Conferences, at which all the interests affected were represented. On the other hand, some commodities have been removed from the list, and the notifications now in force are confined solely to certain food grains, to flour made from those foodgrains, to coal, quinine, cinchona bark and Russian Rouble Notes. The last three are not of much importance in the present connection, for we could deal with them, I think without serious inconvenience under the Sea Customs Act. The case for continuing the Act rests upon the necessity of restricting the export of foodstuffs and coal.

I take foodstuffs first. All restrictions on the export of rice from Burma to India have been abolished. But exports of rice from Burma to foreign countries are still controlled by means of licenses. These licenses are required to enable us to be in a position to maintain the closest possible watch over the amount exported and over the effect of those exports on internal prices. This action has been taken mainly in the interests of India proper, and consequently exports of foodstuffs from India proper are more rigidly controlled. At the same time we have to make arrangements to allow small quantities of the prohibited foodstuffs to countries where there are resident Indian populations, or which are dependent on India for supplies and it is for this reason that we still require the Import and Export of Goods Act. We cannot merely prescribe a limit up to which exports may be allowed, and then leave exporters to scramble for shipments up to that limit. This procedure would neither be convenient to the trade nor in the interests of consumers. If we restrict exports in this way, we must go further and also regulate them. We do this by means of licenses issued by Collectors of Customs. The discretion of these Collectors is, of course, controlled. They are not allowed to impose conditions which have not been approved by the Government of India. Their instructions are to distribute these licenses among established shippers to the countries concerned, or to issue them to exporters nominated by those countries. This procedure obviates the danger of exporters buying foodstuffs for shipment and then being left with those foodstuffs on their hands, and it prevents the price of the foodstuffs being unduly raised by competition among the shippers. It is for this reason that we think that so long as we restrict the export of any

foodstuffs in this way from India, we require the Import and Export of Goods Act to enable us to regulate those exports and impose such conditions as may be thought suitable in each case.

I come now to coal. The coal position, as this Assembly no doubt knows, is very difficult at present. Demand has outstripped available supplies and consumers in India have been experiencing great difficulties in obtaining supplies. We have been compelled, therefore, to do what we can to conserve our resources and I should like to emphasise the fact that in all our actions we have been in the closest possible touch with the trade. We have been compelled to shut down exports of coal, and by the end of next month no coal will be allowed out of India to foreign countries except a small amount of coal for the Ceylon Government Railway. But we go further than this. Under the Import and Export of Goods Act we restrict bunkering by steamers leaving India. Indian coal for some months past has been much cheaper than that obtainable elsewhere, and we found that there was a tendency not only for steamers to bunker right up to the port of final destination, but also to take coal for, at any rate, part of the return voyage. We were also advised that there was a danger lest steamers should take much more coal than they required for consumption on the voyage in order that they might sell the surplus at the foreign ports. We have put a stop to these practices by requiring licenses to be taken out even for bunker coal under the Import and Export of Goods Act. We also require licenses for coal from Calcutta to Indian ports.

The whole matter is a very difficult and technical one, and I will not weary the Assembly by going into it at more length. I will merely say that the whole coal position in India is at present being discussed by a Committee over which I am presiding. The Committee is a very strong one. The producers are represented on it by Mr. Sircar, Chairman of the Indian Mining Federation and a Member of this Assembly, the Honourable Sir Maneckji Dadabhoy and Mr. Pattinson, Chairman of the Indian Mining Association. The consumers are represented by Mr. Rahimtoola Currimbhoy, a Member of this Assembly, the Honourable Sir A. R. Murray and the Honourable Mr. Froom, and Mr. Sheridan, the General Traffic Manager of the East Indian Railway, is also a Member. We discussed the matter in great detail yesterday, and I specifically put to this Committee the question whether they still thought it necessary that we should continue this system and license exports from Calcutta even to Indian ports, which can only be done under the Import and Export of

Goods Act and license bunkers, and the Committee practically unanimously decided that for the present it was essential in the general interests that these licenses should be continued.

These, then, are the reasons why we want this Act to be extended for one more year. We require a more elastic procedure than the Sea Customs Act provides, and as long as we are compelled to restrict the export of any food-grains from India, we consider that we should have the powers which the Import and Export of Goods Act confers upon us. As the Assembly knows from answers to questions which have been given in this House quite recently, the foodstuffs position is easier than it was, and we trust we shall be able gradually to remove all restrictions on the export of foodstuffs during the coming year. I do not think that the Assembly need be afraid that the powers which we ask them to give us for one year more will be in any way abused. Speaking for my Department, the Import and Export of Goods Act is not an Act which the Commerce Department would agree to use lightly. The whole of the past year, the Commerce Department's efforts have been directed towards getting commodities removed from the Prohibition List, and they will continue to be made in the same direction.

I move, Sir, for leave to introduce the Bill.

The motion was adopted.

MR. C. A. INNES : Sir, I now introduce the Bill.

THE IMPORT AND EXPORT OF GOODS (AMENDMENT) BILL.

(22nd February 1921.)

MR. C. A. INNES : I move, Sir, that the Bill further to amend the Import and Export of Goods Act, 1916, be taken into consideration.

CHAUDHURI SHAHAB-UD-DIN : I rise, Sir, to move that this Bill be referred to a Select Committee.

SIR FRANK CARTER : Sir, I do not wish to oppose the extension of the duration of the Import and Export of Goods Act until the 31st March 1922 ; but I do wish to press upon Government the advisability of removing the restrictions on the export of rice, and similarly that of wheat, at a very early date. Numerous representations have been made to me to remove this restriction on rice and I cannot help thinking that the precautions taken by Government are unnecessarily guarded. I hope

that Government will see their way to allow the free export of rice at the very earliest moment that they are satisfied that supplies of rice are sufficient for the needs of the country.

MR. N. M. SAMARTH: I do not know, Sir, that it is necessary at this stage to go into the question whether it is good for the consumer and for the general public, that Government should permit the export of rice. In regard to the remark which has fallen from the previous speaker, I hope Government will not, in any way, countenance his suggestion and remove the restrictions on rice so long as famine conditions prevail in some parts of the country, as they do at present.

CHAUDHURI SHABAB-UD-DIN: Sir, If I am allowed to move the amendment that the Bill may be referred to Select Committee, may I have your permission for stating my reasons in support of that amendment.

THE HONOURABLE THE PRESIDENT: The request made by the Honourable Member is irregular. He made his motion, and, as I understood, resumed his seat. But if that was done under a misunderstanding, I will stretch the rules and permit him to....

CHAUDHURI SHAHAB-UD-DIN: I was waiting for orders from the Chair, and, in the meantime, the Honourable Member (Sir Frank Carter) stood up.

THE HONOURABLE THE PRESIDENT: If I may make a further explanation from the Chair to the Honourable Member, there was no need for him to wait for permission from the Chair to make a motion or move an amendment at a time provided for in the standing orders. The little misunderstanding we had on a former measure perhaps led to some confusion in the Honourable Member's mind; but there was no need for him—I hope the Assembly will take notice that there is no need for any Member—to wait for leave to move an amendment at a moment which is clearly provided for by the rules.

CHAUDHURI SHAHAB-UD-DIN: The reasons, which have prompted me to move, that this little Bill may be referred to a Select Committee, are not very many. I will say at once that the Import and Export of Goods Act was born in 1916, in the shape of an Ordinance, which was doomed to die a natural death after six months. But it appears that the Executive Government thought, perhaps rightly, that the life of this Law should be extended. Therefore, an Act was passed in 1916 providing, *inter alia*, that the Act should remain in force during the

continuance of the war and for a period of six months thereafter. About 4 years after that, it was found desirable to further amend the Act and it was decided that the life of the Act should end on the 31st day of March 1921. Now that it is coming to an end automatically on the 31st March next, the Government has thought fit to introduce this Bill to extend the life of the Act by another year. There may be reasons, very strong reasons, why the export and import* of goods should be restricted; but this Assembly does not know those reasons. On the other hand, so far as I am aware, the restrictions placed by Government on the export and import of goods have in many ways affected, and affected seriously, the trade of India. Therefore, I propose that this Bill may be taken into consideration after the Select Committee, the appointment of which, I suggest have gone into the reasons which the Government may have to urge in support of the Bill. If, after considering those reasons, it is found necessary that the life of the Act should be prolonged further to 31st March 1922, the Bill may again come before this House in a week or a fortnight. At present I am not satisfied that there are reasons why the import and export of goods from India should be further restricted for another period of 12 months. The law was a war measure at first, but its life has been prolonged from time to time, and by and by it may take a place permanently on the statute book. In my opinion, it is our duty to know what reasons exist in support of the Government position. If the gentlemen, who form the Select Committee, go into those reasons, and if their conscience is satisfied on the point, the Bill may be passed into an Act. But if they do not know, it is their duty to know, because they owe a duty to the Government as well as to their constituents and the public at large. It is their duty to go into the matter thoroughly. It is for these reasons, that I trust, the Bill will be referred to a Select Committee for report.

MR. HARCHANDRAI VISHINDAS : Sir, I propose to support the amendment. I think the amendment is a very reasonable one. By appointing a Select Committee, we shall not be committing ourselves either to one course or the other, against the legislation or in favour of the legislation. I think, Members of this Assembly are aware, that this question of rice export has caused great agitation in the country. I do not mean to hold any brief on behalf of the rice merchants because it is mostly from them that agitation has emanated ; we have to take into consideration the case of the consumer also to which Mr. Samarth has very reasonably referred. But since we have not had very satisfactory data before

*NOTE—Imports were not restricted. Hence the fall in exchange. E. L. P.

us to go upon, to come to any satisfactory and definite conclusion as to which course would be right, I think it is the proper course suggested by Chaudhari Shahab-ud-Din, that we should appoint a Select Committee, which, if it consisted of very high experts including those who are dealing in trade, will, I dare say, come to a very satisfactory conclusion on the question ; then, we shall have very true guidance when we eventually decide the question after receipt of the Select Committee's report. As I say, I do not think there is any hurry for getting this legislation through ; but, if there be any hurry, in the opinion of the Government, I think the best course would be to give instructions to the Select Committee to submit a very early report ; if there be no hurry, then things might take their course properly ; and as between these two alternatives of rushing this legislation and of waiting until we get the Select Committee's report, I think, the latter is the better course.

RAI BAHADUR BAKSHI SOHAN LAL : Sir, I also support Chaudhari Shahab-ud-Din in his amendment ; and, I think, that a reference of the Bill to a Select Committee will give further consideration before the Bill is passed into law. Such a course would safeguard the interests of the public better than merely passing the Bill now without referring it to Select Committee. I think, that this is a question which can be properly referred to Select Committee for purposes of report and obtaining information.

THE HONOURABLE MR. W.M. HAILEY*: Sir, we are all interested in the observance of the full procedure laid down for the sittings of this House ; and, it is in the interests of the Assembly itself, that I would ask you, Sir, if you would be good enough to call upon the Honourable Member to complete his motion in the form laid down by the rules. The rules provide, that in making a motion that a Bill be referred to a Select Committee, the motion shall name the Members of the Assembly whom the Mover may desire to see included in the Committee.

CHAUDHARI SHAHAB-UD-DIN : I propose, Sir, that a Select Committee of the following Members of this Assembly be appointed :

Mr. Samarth, Mr. Rangachariar, Mr. Norton, Mr. J. Dwarkadas Mr. Barua and the Mover.

*NOTE—Mr. Hailey acts for Government as Leader of the House. E. L. P.

THE HONOURABLE MR. W. M. HAILEY : Sir, I must not be thought to be an undue stickler for form, but I feel I am obliged to ask you, Sir, to request the Honourable Member to say whether he has obtained the permission of the Members cited to serve on this Committee.

THE HONOURABLE THE PRESIDENT : The Honourable the Finance Member has put a point of order regarding the motion just made by the Honourable Member Chandhuri Shahab-ud-Din.....

RAO BAHADUR T. RANGACHARIAR : Will you permit me to point out, Sir....

THE HONOURABLE THE PRESIDENT : Order, order. It is for the convenience of the House in making a decision on the question of the reference of a Bill or any matter to a Select Committee, that it should have a reasonable amount of time not only to consider the proposal for—reference to Select Committee, but also the personnel of it. Therefore, it is desirable that Members should strictly observe the rules laid down for that purpose. Has the Honourable Member the authority of the gentlemen mentioned in his motion for placing their names on the motion appointing a Select Committee.

CHAUDHARI SHAHAB-UD-DIN : No, Sir. They are here, of course ; and if any one is not prepared to work on the Select Committee, I will propose other names. The amendment itself has been proposed just now, and I had no time to consult the gentlemen whose names I have mentioned.

THE HONOURABLE THE PRESIDENT : I have already informed the Honourable Member I am willing to allow a certain amount of elasticity in the interpretation of the rules ; but a rule of this nature must be observed. No doubt it would add an air of informality to the proceedings to have conversations between Members in order that they may find out from one another whether they are willing to serve, but that had better be done in future behind the scenes, and the motion made in due order when the Assembly assembles for business. Therefore, the Honourable Member, though I have allowed him a good deal of latitude so far, must now conform strictly to the rules. Since he has not sought the authority of the members mentioned in his motion, I must rule that his motion is out of order.

RAO BAHADUR T. RANGACHARIAR : With your permission, Sir, may I point out that paragraph 68 of the Manual, clause (b), of which the Honourable Mr. Hailey quoted, applies only to the Member in charge of the Bill. So far as other Members who move amendments are concerned, they are governed by 69 (2) (a), which does not require an Honourable Member who moves an amendment for reference to Select Committee that he should name the Members. That clause which requires the Members to be named applies only to the Member in charge of the Bill and not to other Members.

The point may arise on another occasion and it is an important one. I myself intended to give notice of an amendment, but I considered the matter and I thought it best to bring the point to the notice of the Assembly. The language is obvious.

THE HONOURABLE THE PRESIDENT : The point made by the Honourable the Finance Member seems to me to be perfectly legitimate. The Honourable Mr. Rangachariar has not quite appreciated the bearing of the various rules and orders on the subject. If there be any doubt in his mind, I now make the ruling on the subject that though I have allowed a certain amount of latitude to Honourable Members this morning, and particularly to Chaudhari Shahab-ud-Din, in relation to the appointment of the Select Committee, such latitude will not be allowed in future. Members will have, first of all, to seek the authority of those whom they propose as Members of Select Committee before presenting the motion to the House. I may add, that it is to the convenience of the Assembly, as a whole, as well as to those individual Members asked to serve, that they should be consulted beforehand and that due order should be observed in motions relating to Select Committees, as indeed to all other motions brought before this Assembly.

MR. HARCHANDRAI VISHINDAS : May I enquire from the Honourable the President what the position now is and how we stand. Is the amendment suggesting the appointment of a Select Committee ruled out or does it stand ?

THE HONOURABLE THE PRESIDENT : The amendment has been ruled out of order. The motion before the House is, that the Bill further to amend the Import and Export of Goods Act, 1916, be taken into consideration.

MR. HARCHANDRAI VISHINDAS : Then I propose to move an amendment, that the Bill be circulated for the purpose of eliciting opinion thereon by 22nd March 1921. I move that amendment, Sir.

(While the amendment was being written by the Mover, the Honourable the President said)

THE HONOURABLE THE PRESIDENT : While the amendment is being written out, the original question is still before the House :

The original question was—

‘That the Bill further to amend the Import and Export of Goods Act, 1916, be taken into consideration’:

since which an amendment has been moved—

‘That the Bill be circulated for the purpose of eliciting opinions thereon by the 22nd March 1921’.

MR. C. A. INNES : Sir, I rise to oppose the amendment which has been moved by the Honourable Mr. Harchandrai Vishindas. The effect of this amendment, as Honourable Members will see, is a direct negative to the Bill. This Bill, as I explained on the last occasion when leave to introduce it was given, comes automatically to an end on the 31st of March next, and if this Assembly accepts my proposal, the Act will be extended by one year more. It has now been proposed that the Bill should be published and circulated for opinion and then taken into consideration one month hence. If the amendment of the Honourable Mover be accepted, it would be entirely impossible for us to get the Bill through the Legislative Assembly and the Council of State before the 31st March when the Act comes automatically to an end. I am quite sure that the House will not agree to deal with this Bill in this way. I should like to point out the issues involved. In the first place, as I tried to explain on Friday last, if we do not pass this Bill, the whole of our coal policy, or a great portion of our coal policy goes by the board. In the second place, if we do not pass this Bill, it may be very difficult for us to carry out our policy of restricting the export of rice. As I have already said, as far as

my Department is concerned, we are anxious to get rid of these restrictions, but I think this House will agree with me that there is a considerable body of public opinion in this country which is strongly in favour of these restrictions on exports being continued. If these restrictions are continued, we feel that Government ought to have the powers given us by the Import and Export of Goods Act. I would like to point out, that we have had these powers for many years. So far as I am aware, we have never abused our powers and I do not think, that this House will refuse to continue the act for one year more. Sir, I beg to oppose the amendment.

RAI BAHADUR T. RANGACHARIAR : Sir, I do not think it would be wise to adopt this motion, simply because the motion to refer the Bill to a Select Committee has been ruled out. I think it was an after-thought. But, on the other hand, I think public interests require that we should pass the original motion.

RAI J. N. MAJUMDAR BAHADUR : Sir, in rising to support this amendment, I do not wish to detain the House very long, but what I wish to point out is this, that under the existing law, the export of rice is not altogether prohibited. The export of rice has been only controlled by Government. But what this House wishes to know is, what is the sort of control that is exercised by Government, and who are the persons who have got licenses to export rice from this country. Were these licenses given to any particular firms or any particular set of individuals or they were granted to all the persons who were eligible for them. There is some misapprehension in the public mind with regard to this matter, and it ought to be removed. I do not know what truth there is for such misapprehension, but it is generally asserted that under the present control system there is some difficulty for Indians to secure licenses for exporting rice, unlike their European brethren. I do not know whether that imputation is correct or not but that is the general impression, and that impression should be removed before the Bill is passed into law. If the control is extended for one year more, then the difficulties under which Indians labour at present in the matter of securing licenses will also continue. Therefore, I should like the Honourable Member in charge of the Bill to make a statement as to who are the persons who were entrusted with the export of rice under the control system during the last few years it has been in existence, and who are the persons who generally got licenses and who are the persons who have been refused licenses. Such invidious distinctions ought not to be made. The

Honourable Member in charge of the Bill says, that the Bill comes automatically to an end on the 31st of March next. Why was not the Bill introduced earlier? Why should the Bill be rushed through the Assembly with such haste? Why should not an opportunity be given to the members of this Assembly to consider its pros and cons? There may be some public opinion against the export of rice, or there may be some opinion for removing all control. I think this House should be given an opportunity to consider the whole matter in all its bearings, but this course is generally avoided in this House. Honourable Members in charge of Bills want to rush the Bills through and do not allow the Members of the House full opportunity to discuss the matter, to consider what effect it will have on the public mind, what effect it will have on the trade of India, or how it will affect the different interests concerned. I, therefore, submit most respectfully, that the Members of this House should be given an opportunity to consider the whole matter and the Bill should not be rushed through in such haste on the ground that it will come to an end on the 31st of March.

BHAI MAN SINGH : Sir, I rise to support the amendment moved by my Honourable friend, Mr. Vishindas. This is a Bill which gives power to the Executive to restrict the right of import and export of goods and this power can only be enforced in times of emergency. I dare say, that there were times of emergency when the Bill was first introduced and passed. Now we are asked to extend it for one more year. There was a proposal before the House for a reference to Select Committee, but unfortunately, somehow or other, that has fallen through. Now another course open to us is to get opinions on the subject. I submit that, without as much information as is possible on the subject, it would be doing an injustice to the country to pass an Act without knowing the opinion of the public. If this amendment is carried, we shall have some time to get these opinions. We could get the opinions by the 15th or 20th March, then on any day after that, and before the 31st March, a Bill could be brought before the House and passed. So even that ground does not stand.

With these remarks, Sir, I support the amendment.

THE HONOURABLE MR. W. M. HAILEY : Sir, I am not the Member in charge of this Bill, I have no doubt that all the technical points will be fully considered and explained to the House, if necessary, by those who

are in charge. But I venture to appeal to this House, as a business body to take a businesslike view of the motion now before it. You are a representative Assembly. You have here men who have been elected from all over India to represent the views of the public, and when we put forward a Bill in which we ask that we shall be given power to continue an existing Act, an Act which has been discussed in our Legislative Council and the action taken under which has been canvassed in the press, times without number, what do you say to us? 'Oh, no; do not continue it another year; we want to know what the public says about it.' Is this House, or is this House not, representative of the public? Is it going to take up the attitude that every time a question arises of public importance, every time that we have to refer it to some well-worn problem, that discussion must be put off until the public can form their opinion, on it? There is only one question really before the House on this particular motion, and that is this: do you or do you not want Government to retain the power of restricting exports? If the motion is accepted, that power will lapse. I may tell you, there are many Members of this Government, Sir, who would only be too glad to see the whole system so restrictions swept away; but they know from the press, they know from representations made to them, that there is a large section of the Indian public which places importance on the retention of these restrictions. Well, are you going to make it impossible for Government to retain these restrictions? It is no question of how Government carries out those restrictions, it is no question, for instance, such as my Honourable friend opposite raises, as to whether there is difficulty on the part of Indian traders in getting their licenses. All these questions can be raised separately. You can do so by Resolution or by question; you can adjourn the House for the purpose. This is simply a question of allowing the Government the power of continuing restrictions, and that is the only question before the House. And I say advisedly, Sir, that if the House cannot now, without going through the long process of referring this matter to the public, which means consulting Chambers of Commerce, which means consulting other commercial bodies (a matter of three or four months time), if the House cannot, without going through that process, decide that question now, then, Sir, there is some danger that we may lose some of the faith, which we have learnt in the course of previous discussions to acquire, in the business-like sense of this House.

MR. J. CHAUDHARI : Sir, may I move that this Bill be referred to a Select Committee composed of Mr. Shahab-ud-Din....

THE HONOURABLE THE PRESIDENT : Order, order. I have already ruled a motion to a Select Committee out of order.

MR. JAMNADAS DWARKADAS : Sir, I had no intention of speaking on this motion, but the remarks that have fallen from my friends here and the Honourable the Finance Member have compelled me to stand up and say a few words. I, Sir, agree entirely with my Honourable friend, Mr. Rangachariar, when he says that the amendment of Mr. Harchandrai Vishindas should be negatived by this House, and there is a good deal of force in the argument advanced by the Honourable the Finance Member, that it is not businesslike that we should, at this moment, because we believe that the Government have not used the powers to our satisfaction, get up and negative a Bill which we know is essential for the purpose of safeguarding the interests of the masses of the people. I believe, we all agree that certain powers it is necessary to vest in the Government for the purpose of safeguarding the interests of the people. Perhaps there is a doubt in the minds of some of us, and I think the doubt may, to a certain extent, be justified, that the Government have so far not used the powers properly. But is it not open to us, I ask the Members of this House, if in future the Government abuse the powers, to come to this Assembly and take the Government to task for the abuse of such powers ? We have these powers in our hands and why should we, in spite of the fact that we have these powers, prevent the Government from taking the powers in their hands to restrict certain exports in order that this policy may benefit the masses of the people as a whole ? I think the wisest course for us is to allow this motion to be carried, and if, in future, we find that the Government has not used its powers properly, then it is open to us to take the Government to task in this Assembly. We have sufficient powers under the Rules to take the Government to task.

One word more, Sir, and I will have done. I wish, Sir, that the Honourable Finance Member, in objecting to certain remarks that had fallen from the Members of this House, had not made a statement that he had lost faith in the good sense of this Assembly. Views may differ and statements may be made on which it may not be possible for us to see eye to eye. But I am sure that the Honourable Finance Member will be convinced that whatever difference there may be in views, this body certainly continues to represent the interests of the masses. It is a body representative of the people and will always, I am sure acquit itself as such.

BABU S. C. GHOSH : Sir, I am sorry, I have to oppose the amendment, and on this ground, as this law is going to have a natural death on the 31st March, I should certainly say, that it should be passed. My Honourable friend, Mr. Majumdar, has said, why has not the Member in charge brought up this Bill earlier. But, I ask him, could this Bill be brought up earlier than this ? It could not. Therefore, I say, that it was brought up in proper time and no objection could be taken on that ground. There is a good deal of feeling, specially in Bengal, about the export of rice, and lately in the Bengal Council, they passed a Resolution restricting the export of rice. Therefore, I submit, unless this law be passed at once, this restriction cannot be maintained.

I oppose the amendment, and I support the Resolution as moved by the Member in charge.

MR. HARCHANDRAI VISHINDAS : Sir, after listening to the speeches delivered by the Honourable the Finance Member and my Honourable friend, Mr. Dwarkadas, I withdraw my amendment, as I had no intention of embarrassing the Government, nor do I wish any Honourable Member to lose his faith in the good sense of this Assembly.

The amendment, was, by leave of the Assembly, withdrawn.

THE HONOURABLE THE PRESIDENT : The question is, that the Bill further to amend the Import and Export of Goods Act, 1916, be taken into consideration. The motion was adopted.

MR. C. A. INNES : Sir, I beg to move that the Bill be now passed. I should like to say a few words before I sit down. I am sorry that any Member of this House should have thought that we tried to rush this Bill through. If the Honourable Member, who moved the amendment that the Bill be referred to a Select Committee, had only come to me yesterday and had suggested that he would like this Bill to be referred to a Select Committee, I should have been very happy to have worked out a Select Committee, with him and he would have had no trouble in getting his motion through. I now move that the Bill be passed.

THE HONOURABLE THE PRESIDENT : The question is, that the Bill be passed.

The motion was adopted.

COUNCIL OF STATE.

21st March 1921.

IMPORT AND EXPORT OF GOODS (AMENDMENT) BILL.

THE HONOURABLE SIR GEORGE BARNES : Sir, it will be a great personal convenience to me,—and I understand my Honourable friend Mr. Sarma does not object to it,—if with the leave of the House you will be good enough to take the Import and Export Bill next and invert the order of the two remaining Bills on your list.

THE HONOURABLE THE PRESIDENT : The question is that items 4 and 5 of the legislative business be taken after item 1.

The motion was adopted.

THE HONOURABLE SIR GEORGE BARNES : Sir, this Bill is to extend for one more year the operation of the Import and Export of Goods Act, 1916. To those Honourable Members, who were members of the old Legislative Council, the Bill will seem like an old friend. I think that I introduced it three times in the Legislative Council, and on the last occasion its operation was extended for one year, which ends on the 31st of this month. This Bill has now been passed by the Legislative Assembly and comes up from the Assembly to this House. A formal introduction here is not necessary under the rules, and the motion before the House is consequently a motion that the Bill be taken into consideration. Our efforts since the war had been directed to get rid of every form of control. I am a firm believer in the doctrine that trade ought to be left to itself and ought to be kept free of any interference by Government, and I should not propose the continuance of this Act for another year if I felt that it was possible to let it drop at the end of March. Unfortunately it is not possible to let it drop quite so soon as that. We need it in order to control the export of coal and for, what I hope, may be a very short time, the control of the export of certain foodstuffs. It is within the knowledge of Honourable Members of this House that we are obliged for the present, in the interests of our own industries, to control the export of coal. I know that I can safely give this House an assurance on behalf of my Department, though I shall not be personally in charge of it after the end of this month, that the object of the Department and the object of the Government will be to put an end to every form of control at the earliest possible moment, and that the Act will not be used except for cases of urgent public interest. You will observe, Sir, that the extension asked for is for one year only, and I sincerely hope that next year it will be possible to let this Act die a natural death. I beg to move, Sir, that the Bill be taken into consideration.

The HONOURABLE SIR MANECKJI DADABHOY : In view of the assurance given by the Honourable Member that at an early date all embargo on food grains will be removed....

The HONOURABLE SIR GEORGE BARNES : No, I did not quite say that, Sir.

The HONOURABLE SIR MANECKJI DADABHOY : You said, Sir.

The HONOURABLE THE PRESIDENT : If the Honourable Member would give way, the Honourable Sir George Barnes would have an opportunity of giving an explanation.

The HONOURABLE SIR GEORGE BARNES : What I said, Sir, is that we desire to put an end to every form of control at the earliest possible date, and I cannot go further than that. It is not a guarantee that at any definite date the control will come to an end.

The HONOURABLE SIR MANECKJI DADABHOY : Yes, that is exactly what I mean. I quite understand that the Honourable Member has not given any assurance of any definite date on which the control will be abolished, but I understood him distinctly to state that the control will be removed as early as possible on food grains as well as on coal, and the sooner this is done the better. It is, in the interests of India, essentially necessary that this control should be abolished by Government at the earliest possible date. I would have opposed the passing of this Bill had it not been for this assurance given by the Honourable Member. Only the other day we discussed this question, and it was then pointed out that it would stabilise the exchange to a certain extent if this general control of foodstuffs as well as of coal was altogether removed. In view of what has been stated, I shall not oppose the Bill.

The HONOURABLE MR. LALUBHAI SAMALDAS : I want information on one point, Sir. In view of the Resolution that was passed in this Council requesting Government to remove all embargo as far as foodstuffs are concerned, will the passing of this Bill not be in any way against that Resolution ?

The HONOURABLE SIR GEORGE BARNES : The passing of this Bill is necessary in itself, but I can assure the Honourable Member that the

Resolution passed in this House will have the very earnest consideration of the Government, and I understand that a Resolution is being proposed in the other House on the same subject.

The HONOURABLE THE PRESIDENT : The question is :

' That the Bill further to amend the Import and Export of Goods Act, 1916, as passed by the Legislative Assembly, be taken into consideration.'

The motion was adopted.

The HONOURABLE SIR GEORGE BARNES : I beg to move, Sir, that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

LEGISLATIVE ASSEMBLY.

2nd March 1921.

RESOLUTION RE : EXPORT OF CATTLE.

DR. NAND LAL : Mr. President, the Resolution which I have to move runs as follows :—

' This Assembly recommends to the Governor-General in Council to be so pleased as to prohibit, by legislation, the export of cows, bullocks and buffaloes from British India to any foreign country.'

This is a very important Resolution and speaks for itself. As you know India is an agricultural country. Practically, the wealth of India formerly used to be counted in cattle. The people of India, in the main were dependent on the milk, ghee and curd supply as a principal part of their food. There are a number of causes which have reduced the supply of milk, as for instance, cow-killing, an abominable act, want of sufficient and timely rains, export of cattle, want of fodder on account of the want of pasture land. The export of cattle, as I have said, is one of the causes which has tended to reduce the supply of milk and other cognate articles which are prepared from it. Physicians and medical men will tell you that milk contains those properties which go to sustain the human life. There is a regular struggle within ourselves between the germs of various maladies and the resisting force which we naturally possess. If the forces which have to resist the various germs of maladies and diseases have not got sufficient resisting power, then the forces of maladies and diseases will gain the upper hand, and the human body will begin to deteriorate. Therefore, the shortness in the supply of milk has affected our physique. We deteriorate in our physique and, therefore, a good many troubles arise,

To meet this difficulty, we have to put an end to all the causes which have created this poverty of physique. One of them is the export of cattle, and this Resolution is intended to meet that.

Perhaps, you would like to know how many cattle are exported. They are exported in thousands and thousands. The literature, upon which I could lay my hand, has strengthened me to say that, in 1913-14, cattle, excepting sheep and goats, exported to the British Empire alone, amounted to 28,582. In 1914-15 it amounted to 16,589. In 1915-16 it amounted to 14,213. In 1916-17 it amounted to 14,568. In 1917-18, 9,005. Unfortunately in 1918-19 it rose to the figure 44,438. So far as the other foreign places are concerned, the export amounted in 1913-14, to 1,327 and to 1,119 in 1914-15; a very small number indeed in 1915-16 and a similarly small number in 1916-17. It was 972 in 1917-18 and a very small number in 1918-19. The total number of cattle exported to both kinds of places amounts to 1,30,654. It cannot be denied that the export of these cattle causes a great decrease in the supply of milk which sustains the lives of Indians, as they are used to that sort of food. It may not be a staple food, but all the same it is a major factor of that food, *viz.*, one of the most essential ingredients. Now how can we get rid of this evil? One of the remedies which this Resolution suggests to this Honourable House, is that the export of cattle may be stopped by legislation. Some sort of amendment has been suggested and I may say at once that it is much more than an amendment. That amendment takes away the life out of this Resolution. If that amendment is carried out, then this Resolution will be reduced to a mere skeleton. This Resolution will then become nugatory. Most probably this Honourable House may like to ask why. The answer is obvious enough. The determination of the point, whether a particular breed is good or bad, is sure to be left to some sort of human agency. It will then become a kind of tossing affair. It will rest with the officer who has to give an adjudication upon the point. A law should be framed in such a manner that there should be no ambiguity in it. There is fear not only of ambiguity, but also there is the fear of a gambling spirit. Therefore, this amendment which has been proposed has got no force in it at all. When I thought of this Resolution, one idea occurred to my mind, and that was the question of time limitation. This idea had hardly occupied my mind for a minute or two when the second idea cropped up which was that the time limitation also is an idle one. Law is made to remove the present trouble. Now the present complaint is that this export causes a regular drain and it should consequently be stopped. If it were not required and there were a change in the circumstances it would be obvious. Therefore, no time limitation seems to be

necessary. I therefore move this Resolution as it stands, with the strongest possible hope that you will pass it unanimously, and I am sure even the Government will have no hesitation in giving its support to it.

RAO BAHADUR C. S. SUBRAHMANYAM : Sir, the amendment which I intend moving is as follows :—After the words 'export of' put in 'such class or breed of.' The sentence will then read 'the export of such class or breed of cows, bullocks and buffaloes,' etc., and then at the end add the words 'as may be notified by the Local Government.'

The Resolution is designed to prohibit altogether the export of three sets of animals. My amendment is intended, if the principle of the Resolution is accepted by the House, to restrict the force of the Resolution. It holds that the prohibition of the export would produce injurious result to labour in any country and in this country with its large area, if you endorse the principle that these three sets of animals should not be exported and that they should remain here, work here and die here, I think it will have far reaching effects. Now the first people who will be affected, injuriously affected by this prohibition, would be the small class of peasants and farmers of moderate position in life, who add to their agricultural incomes and to their agricultural activities by the export of these animals. Those Honourable Members who may have some acquaintance with agricultural conditions in the country would see at once that there are not many large cattle farms in this country and that cattle farming is not taken to as in other countries on a large scale. It is only the small men, as I said the farmers, who have taken to breeding and make some income out of it. If you prohibit the export of produce of these men it means that you take away a certain portion of their income. I do not think this class of people are represented here in this Assembly, but many of us have something to do in some form or another with agricultural life, and we ought to be able to say at once whether this will or will not affect injuriously the income of that class of people. Now there is another larger question, the number of cattle in the country. I am told on good authority that the number is very large and that the pasture available is not enough to keep this large number of animals in good condition. Now the question of pasture is a very important one. If you have a large number of cattle and the pasture available is not sufficient to support them, then the cattle are sure to be under-fed. If you have cattle which are not kept or which it is not possible to keep in good condition, then the question arises whether this state of affairs should be continued or some remedy ought not to be found for lessening this large number of under-fed cattle. In considering that question the export of cattle is one of the

means by which the number of under-fed cattle can be lessened. Now we have not been told by the Honourable Mover whether the cattle that are exported are of the right type, that is of the useful, serviceable type. If they are of the useful and serviceable type and if they are exported, then it means relieving the country from the necessity of finding fodder for these animals.

It adds some money to the owner of the cattle and it relieves the country of the necessity of finding fodder for these cattle. Therefore, on that ground, and until we are assured that the pasture available in the country is enough to meet the requirements of the existing number of cattle, I think this House should not endorse this wholesale prohibition of the export of cattle. Well, there may be something at the back of the minds of those who support this proposition, namely, that the export of cattle should be altogether prohibited, but, as far as we can understand, the main reason given by the Honourable Mover in support of this Resolution is that the milk supply of the country is diminished by the export of cattle. Well, the milk supply might be diminished if good milking cows and she-buffaloes, *i.e.*, milking buffaloes, are exported, but whether the milk supply would be diminished—I do not mean any offence—by stopping the export of bullocks and buffaloes, is another matter, which I must leave to the Honourable Mover to explain. But, before we ask this House to take a definite step on a matter like this, it is necessary that he should furnish us, or point to us, the sources of information as to the quality of the cows that are exported. If valuable milk cows and good cattle are exported to the detriment, to the lessening of the available stock of cows in the country, then, I think, he will have a good case. Any one who passes on a road will see that there are a large number of under-fed, half-starved bullocks in the country. Well, if, as I believe, the exported cattle are of the inferior type, their export would be an advantage. Well, that view is a rather hard view to take. All my Honourable Colleagues here have at the back of their minds that the export of these cattle is more or less for the purposes of food, and they think with their natural instinct of charity that the prohibition of the export of these cattle would be an act of charity towards those animals that they should not be exported to a country where they would be slaughtered, but that they should remain in this country to die a lingering death. The question is a difficult question between these two forms of death, namely, to allow the animals to die a lingering death or to despatch them quickly. On that question it is very difficult to persuade a Hindu audience to take the other summary idea of charity. Well, I would ask the House not to take that question into consideration, but to decide it on the ground that you

ought not to interfere with the profits of any section of the community unless you are called upon to do so by some imperative necessity. We here should not be damaging the interests of persons who take to the rather precarious business of rearing cattle. Well, on that main ground I would ask the House not to accept the Resolution in that form ; but if, as has been alleged in some places, for instance, that in Nellore where there is one of the recognized types of bulls and cows reared by farmers in small and large numbers and where there is an agitation that a large number of cattle had been exported to the Malay Peninsula, to the Straits Settlements and to other countries, and thereby the stock available in that district was depleted and there was a fear that the type would become extinct, in such a case Government might interfere and see that a particular type of breed does not become extinct. That relates to the question which was asked this morning and answered about the Ongole type. There is the Amritmahal type and other types in other places. My amendment, I submit, will at least prevent the depletion of any particular class of cattle which it is an advantage to retain in the country. It also prevents the taking away of the profits or the lessening of the value of the property of people who are engaged in the business of cattle rearing or of the generality of people who may have unserviceable cattle which they want to dispose of. There are the larger question about the supply of fodder and whether this country can maintain all the cattle that are growing up in the country. Cattle breed very quickly, probably in three years the number would be doubled and our fodder resources will not double in that same ratio. All these things should be taken into account, and not only the sentimental ground that cattle which are taken away to other countries are slaughtered for food, and so on. I request my Honourable Colleague, not to give any weight to these considerations, but to look at the question as a hard business proposition.

THE HONOURABLE THE PRESIDENT: The question is that in the Resolution after the words 'export of,' the words "such class or breed of" be inserted, and at the end the words "as may be notified by the Local Government" be added.

MR. E. L. PRICE: Sir, I rise to support what I consider a very sensible amendment. I am not a Padget, M. P., who professes to know all about India and its affairs in six weeks. I have been in the country about 16 years and I do know something about my own district, and what I have not very rapidly discovered is this, that the attitude of the agriculturist and the attitude of the townsman towards the cattle question are entirely different. It must be recognized, I think, as a fact, that the supply of milk is the result of two factors, the factor of the number of neat

cattle in proportion to the factor of fodder supply. Well, in Sindh, unfortunately, we are everlastingly short of fodder ; the price of grass is Rs. 45 a thousand lbs. Now the agriculturist dealing with cattle is dealing in a business-like way with a business proposition. If he has got cattle of any sort, milch or draught, that are worth feeding, he feeds them to the best of his ability ; and if he cannot feed them, he will sell them to the butcher or to any one else. The townsman, however, seems to take another and a quite different view. As often as not, you find animals that are well worth feeding in a town under-fed, and then, somewhere in the suburbs, you find a *pinjrapore* where old and useless cattle, whose lives are a burden to them and absolutely useless to the community, are gorged, literally gorged, on fodder that ought to be given to the younger and more useful animals. I say, Sir, that there is a radical difference between the attitude of the agriculturist in the country and in the attitude of the townsman towards this cattle and milk question, and it is simply because the agriculturist deals with the thing in a rational, business-like way, because it is to him a business, whereas the man in the town seems to me to let some weird notion of sentiment run away with him and cause incalculable loss to the community, since the fodder that ought to feed the milch cattle is given to old and useless animals whose end would be a mercy to themselves and a relief to the locality of a great drain on its fodder resources.

I, therefore, do support this amendment.

THE HONOURABLE MR. B. N. SARMA : Sir, the Government fully realize the great importance which the country attaches to the question of its cattle wealth, and I am glad that my friend the Honourable Dr. Nand Lal has brought forward this Resolution in the Assembly, for the simple reason that I hope that its discussion to-day will remove some of the misunderstandings, misconceptions and ignorance that prevail generally on this subject. It will have served a very useful purpose if only people can see really what the facts are and that the Government are working in the true interests of the country and on right lines.

The Honourable Member's principal point was that the physique of the people is deteriorating on account of the insufficient milk supply due to the export of cattle from the country, and that consequently we ought to prohibit by legislation the export of cows and cow buffaloes. He did not say so, but he is evidently under the impression that, in respect of male buffaloes and bullocks, the agriculturist is suffering on account of their export inasmuch as the remaining stock is insufficient for the needs of the country. I take it that is his meaning, although he has not said so.

Dr. NAND LAL : It is so.

THE HONOURABLE MR. B. N. SARMA : Well, on these two grounds he asks the Assembly to accept his Resolution, that we should recommend to the Governor-General in Council the absolute prohibition for the time being of all exports. I should not have been surprised if he had brought this Resolution in ignorance of the figures that he has quoted this morning to the House, because then there would have been some justification for the alarm he might have felt that there was a very great depletion of stocks in this country by reason of these exports. But I was somewhat surprised to find that he considers that an average export of about 13 or 14,000 per annum from the whole of India to foreign countries, including in the term 'foreign countries' all countries outside India and Burma, such as Ceylon, the Straits Settlements, Mauritius, Java, etc., where there is a large resident Indian population, that the total export to all these countries put together is roughly, 14,000 as against 140 million cattle, bovine cattle, in this country,—that is a percentage of somewhat near .0001. He thinks that this large number is responsible for the deficiency of the milk supply. And this cannot be the whole number, because part of it must be bullocks and bulls and male buffaloes. Well, I think the figures he has quoted are ample refutation of his argument that there is any serious drain of the cattle which are necessary for the proper nourishment and for the proper agriculture of this country. I shall have to deal with this subject at somewhat greater length on another Resolution which another Honourable Member is going to bring forward in connection with the slaughter of cows, so I shall not weary the House with a very long explanation of the subject to-day, but shall content myself with merely stating that we have no reason for alarm inasmuch as the cows and cow buffaloes which in 1910-11 were computed to be 47·7 millions have risen in 1920 to 50·4 millions, that is, an increase of two millions and odd. The population meanwhile may have increased or is expected to have increased roughly from 243 to 253 millions. The proportion of cows and cow buffaloes, therefore, to the population is somewhat more favourable now than it was in 1910-1911. I do not for one moment ask this House to consider that the milk supply of the country is absolutely adequate, or that it does not require improvement. What we want in India is not so much numbers and quantity as quality—in this as well as in other matters. Honourable Members must within the last few days have read the figures of cattle statistics relating to other countries, and compared them with those of India. We find that if it were only a question of numbers, we are very much better off than many other countries in the world. But, Sir, it is a sad tale when we compare the milking capacity of our cows generally

with what obtains in other countries or with the best cattle even here. I will only mention one fact for the purpose of showing that the Government is duly impressed with the importance of the subject—that at the price of two annas per seer, the milk supply of this country was computed to be worth roughly 140 crores,—that is, estimating at the rate of 1 seer per cow and 2 seers per buffaloe cow ; whereas we can safely put it at three or four times and even much higher if we only look to the improvement of the breeds, as we have done successfully in Pusa and in other places, and as we have attempted to do throughout the country. That is to say, we can increase the value of the milk supply of this country from about 300 crores, at the higher prices now prevailing to 1,200 crores or more. So it is not by the increase in the number of cows or by bringing from outside this country a few hundreds or a few thousands that we shall be able to meet the situation. Paucity of numbers is not at the real bottom of our troubles, but it is the absolutely miserable way in which these cows are fed and in which the breeding qualities of cattle are looked after that are responsible for our position. Then, again, it is from the districts and provinces where the cattle are bred in large numbers that these exports are largely taken. It is from Madras that we find a vast majority of these exports go. Out of these 13 or 14 thousand average export per year, I may say that roughly 10 thousand go from Madras to Ceylon, the Straits Settlements, etc., where there is a large resident Indian population. It is in those provinces where there is a surplus available that we find any exports. Of course, the same thing cannot be said of Bombay and we are looking into the matter. In 1907 and 1908 and again in 1914, we looked into this matter and we referred it to the Board of Agriculture. On every occasion that we have considered this question, our expert advisers have told us that the true remedy lay in improving the quality and not in prohibiting export. There has been one very good result. The price of cattle has risen as the result of the competition of the foreign buyers and the agricultural wealth of the country has been added to in that way. But we are not oblivious of the fact that evils may have arisen and we have attempted to ascertain from the exporting provinces whether they can tell us if their stocks of good breeds have been unduly depleted. The Madras Government have intimated to us that it would be desirable, in the interests of that province, that the Ongole bulls and cows might, for the time being, at any rate, be prevented from going abroad. And the Government of India have resolved—I may inform the House—to prevent, by notification under the Export and Import Act possibly, the export of Ongole cattle, because here it has been ascertained on definite inquiry by a responsible Government that during the last few years the

province has been unduly depleted of stocks of a very fine breed, and that that breed deserved protection. We have addressed the Bombay Presidency also on the subject. We have not had a very definite statement yet as to the breeds of cattle, if any, which have to be protected. We are told that a limitation might be put upon the numbers to be exported ; and if the Bombay Government find that our assistance is necessary, and were to approach the Government of India with specific recommendations, the Government of India would be only too glad to accept the recommendation, if possible.

I will not weary Honourable Members with figures very much, but they may take it from me that the average export from India to countries which can be really said to be foreign, such as Belgium and so on, is only about 700 per annum ; the average export figures were 17,303 from 1913-14 to 1917-18 and became reduced to 13,507 in the quinquennium ending 1919-20. There is no reason, therefore, for any apprehension that the export of cattle is going on on an alarming scale. Honourable Members will see that there is absolutely no case whatsoever made out for the general prohibition that is sought. In this connection I may also state that the normal exports of ghee from India to other countries during the last 7 or 8 years has been nearly the same, with slight fluctuations. This also shows clearly that the milk supply could not have been diminishing during the last few years.

Then, with regard to bullocks and buffaloes for cultivation purposes, there is still less of a case for the Honourable Member to proceed upon. He will find that in 1912-13 there were about 51·5 millions the same approximately as the number of cows and cow buffaloes, etc. ; and in 1919-20, 54·4 millions, that is, there has been an increase of nearly 3 millions as against an increase from 255 millions to 264 millions in acreage. That means that there are more cattle now for the cultivation of land than there were in 1912-13, if there be any accuracy in these figures. There is thus no cause absolutely for any alarm whatsoever under this head.

This much is however clear : that it was the famine of 1918-19 which was widespread throughout India that did produce great cattle mortality as well as human mortality and reduced the previous figures slightly. It is that cause really which has alarmed the people to such an extent ; but when we compare a period of years, there is absolutely no ground for any alarm whatsoever. The question is being gone into, and as I have

already said very possible step is being taken to prevent any undue depletion of stocks. The Government are carefully watching and will carefully watch the decrease in cattle, especially in the Punjab, the United Provinces, particularly Agra and part of Bombay. An investigation has to be made there, and agriculture is now a Transferred Subject. Representatives of the people in the local Councils will be in a position to express their wishes in a concrete form such as can be acted upon by any Government; and I think, therefore, the Honourable Member was ill-advised in asking for such a general prohibition as is suggested in the Resolution that he has brought forward.

With regard to the amendment of the Honourable Mr. Subramanyam, I am in deep sympathy with the object he has at heart, and I appreciate fully the very sensible remarks which he has made in explaining the difficulties in our way. If only we can surmount the difficulties as presented by the fodder problem and the infectious disease problem, the process of reproduction would be so rapid that the increase would be absolutely unnecessary for the needs of the people, and it would be ridiculous, wrong, uneconomical and suicidal to think at any time of prohibition of exports from this country. We have a reputation to build up, and it should be our earnest endeavour to make the Indian cattle famous throughout the world; that must be our ambition. We must see that the best breeds of our cattle go forth to foreign countries to bring plenty and contentment to the people of other lands, just as we should benefit by the best cattle from other countries being brought in here. That should be the line of our policy, and not a narrow, suicidal policy of trying to live for ourselves and within ourselves, which we can never do satisfactorily.

It is therefore necessary, in the economic interests of this country, that this House should determine at the very outset that there should be no such policy as prohibition of exports in general terms. With regard to the amendment that I was speaking about, there is this difficulty: the Local Governments cannot be given full power as is suggested, because it would be difficult to differentiate in the ports between cattle of one province and those of another. Take the case of the Bombay Presidency which has two ports, Bombay and Karachi; a number of cattle may come from the Punjab into Karachi; the Punjab Government may not care to prohibit their export, but the Local Government of Bombay may be in favour of some prohibition. Similarly, taking the case of Bengal, the Bengal Legislative Council may be in favour of some prohibition; but Calcutta is also the port for Bihar and Orissa; it is also a port for Assam, and parts of

other provinces also. In some of these provinces the increases are large, and therefore this matter cannot be left entirely to the Local Governments. That is the reason why I find great difficulty in accepting the amendment that has been suggested by my Honourable friend. If any particular Local Government find our assistance necessary, present to us the facts of the case and ask for protection of any breed of cattle which is peculiar to that province and which can be differentiated, and ask for the imposition of limitations and restrictions, the Government of India would be only too glad to comply with such a request. I therefore strongly oppose the original Resolution, and regret that I cannot accept the amendment that has been suggested by Mr. Subrahmanyam. I would like, if possible, that the other amendment be moved, so that I may be able to explain my position completely.

LALA GIRDHARI LAL AGARWALA : Sir, I would appeal to my Honourable friend, Dr. Nand Lal, to withdraw his Resolution, as I have given notice of my intention to introduce a Bill in this Assembly, not totally prohibiting the export of cattle, but restricting export and also restricting the destruction of cattle, and I have drafted a very short Bill with a few sections....

THE HONOURABLE DR. T. B. SAPRU : I rise to a point of order, Sir. That Bill is not before this House now.

THE HONOURABLE THE PRESIDENT : No, but the Honourable Member may give his intention of bringing in such a Bill as a reason for persuading another member to take a certain course with regard to his own Resolution.

LALA GIRDHARI LAL AGARWALA : Now, in that proposed Bill I say that it might be declared unlawful to slaughter, kill or otherwise destroy any milch or agricultural cattle for purposes of food, bones or hide. I have in a previous section defined milch cattle as meaning cows and buffaloes which are capable of calving and bulls which are fit for breeding purposes, and agricultural cattle as meaning cattle such as are generally used in India for purposes of agriculture including their young ones ; so that I exclude from this definition all such cattle as are useless. I have further said that a certificate of a qualified medical man should be conclusive proof of the matters certified, so that when I bring up my Bill every Honourable Member of this House will have an opportunity of discussing the matter thoroughly. I submit that at the present stage it is not necessary for my learned friend Dr. Nand Lal to be afraid of any serious injury being done to the cattle population of this country, and I

would appeal to him again to wait and see when the Bill comes forward, and it would be time enough for him then and for other Honourable Members of this House to make their amendments and suggestions with regard to the particular sections and provisions of my Bill.

THE HONOURABLE THE PRESIDENT : The original question was that :

'This Assembly recommends to the Governor General in Council to be so pleased as to prohibit, by legislation, the export of cows, bullocks and buffaloes from British India to any foreign country.'

Since which an amendment has been moved, namely :

'That after the words 'export of' of the words 'such class or breed of' be inserted and at the end the words 'as may be notified' by the Local Government be added.'

The question is that the amendment be made.

The motion was negatived.

MR. B. VENKATAPATIRAJU : Sir, the amendment which I propose to place for the consideration of this Assembly is that for the words from 'cows, bullocks' to the end of the Resolution, the following be substituted : 'good breeds of cattle, from British India to any foreign country till the Government is satisfied that India has enough and to spare.' From the observations of the Honourable the Revenue Member, I take it that Government are already disposed to take into consideration the depletion of any important breeds from any part of the country. So far, from the observations of the Honourable the Revenue Member, I gather that the Nellore breed is being depleted. I may state that they are nearly exhausted on account of export to Java for the last five years, and during the last two years to the Straits Settlements, and we must congratulate the Government of Java for taking precautions to secure good breeds wherever they can be had and supplying them to the agriculturists at the expense of the Government. If our Government also followed the same policy it would have enough of good breeds in this country. We have had enough of sympathy expressed, but I find there is not much of practical action directed in that course, because I do not find any large number of cattle imported, good breeds or otherwise, into our country, though small quantities are exported from our country. The estimates of the Government as to the number exported must be taken with some discount, because reliable figures are not obtainable in all parts of

the country. So far as actual figures are, in the year 1912-13, we find that in British territory there are about 95 million and odd, and now the Honourable the Revenue Member says we have got about 140 million. Giving a margin for 20 million for inaccuracies due to guess work, because in most zemaindari tracts it is the irresponsible *karnams* who report the matter, it will be seen that the figure given by Government is not quite accurate. However, I earnestly draw the attention of the Assembly that good breeds of cattle should be prevented from being exported from British India if we have not got enough of them in this country. There is no use in saying that we should not export at all, because every country which produces good breed exports it and realizes large profits. In Canada, they are making nearly 60 crores by exporting animals and animal produce, whereas we are realizing money by sending living animals, including cattle, sheep, goats, etc., to the extent of only Rs. 22½ lakhs. From such a large country as India can we not export animals and animal produce of a larger value? What we generally export is bones from this country to the extent of some lakhs, which ought to be kept back for manurial purposes in our own country. But taking all in all, I would respectfully urge on the attention of Government that they should take sufficient precautions to secure that good breeds are kept in the country in sufficient number and also adopt other precautionary measures to improve these breeds. Therefore my suggestion is that the Government of India themselves should take this matter in hand, because some difficulty has been pointed out about the Local Governments being given such power, and stop the export of good breeds of cattle, wherever possible, and adopt the necessary precautionary measures wherever they are necessary to secure this object. With these few words, Sir, I commend my amendment to the acceptance of this Assembly.

THE HONOURABLE THE PRESIDENT : The question is :

' That for the words from 'cows, bullocks, etc.,' to the end of the Resolution, the following be substituted : ' good breed of cattle from British India, to any foreign country till the Government is satisfied that India has enough and to spare.'

THE HONOURABLE MR. B. N. SARMA : Sir, I do not think I need enter into any controversy with the Honourable Member as to the correctness of his statement that the Government are not doing what they ought to have done. I take exception to that remark because the Government are doing all that is possible for them to do. If Government

did not do enough in the past, it was because popular interest could not be roused, and now that it is roused, they are entertaining greater hopes that the object would be speedily achieved.

I regret that although I appreciate the spirit in which the amendment has been moved, Government are not in a position to accept it, as it stands, because it suggests the prohibition of good breeds of cattle primarily and then a limitation. But if it meets the Honourable Member, I would suggest to him that he might move his amendment in an acceptable form, and if he is prepared to accept my suggestion, Government will have no objection to accepting his amendment. The form I suggest is, that the following be inserted instead 'prohibit the export of good breeds of cattle from British India to any foreign country when the Government is satisfied that the stocks of such breeds are being unduly depleted.'

If this will suit the Honourable Member, Government will be prepared to accept it.

MR. B. VENKATAPATIRAJU: Sir, I accept that amendment.

THE HONOURABLE THE PRESIDENT: It will be in order if a member of Government who is a Member of the Assembly moves the amendment.

MR. J. HULLAH: May I put the whole Resolution, Sir, as re-drafted.

THE HONOURABLE THE PRESIDENT: The amendment of Mr. Venkatapatiraju is already before the House. I suggest that the Honourable Member should move an amendment to the amendment, *viz.*, to omit the words 'good breeds of cattle from British India to any foreign country till the Government is satisfied that India has enough and to spare' and insert in their place 'when the Government is satisfied that the stocks of such breeds are being unduly depleted.'

THE HONOURABLE THE PRESIDENT: The question is that that amendment be made in the amendment before the House.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is that for the words in the amendment proposed, *viz.*, 'good breeds of cattle from British India to any foreign country till the Government is satisfied that India has enough and to spare,' the following words 'when the Government is satisfied that the stocks of such breeds are being unduly depleted' be substituted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The question now is that the Resolution, as amended, and which runs as follows be accepted :

' This Assemble recommends to the Governor-General in Council to be so pleased as to prohibit by legislation the export of good breeds of cattle from British India to any foreign country when the Government is satisfied that stocks of such breeds are being unduly depleted.'

RAI BAHADUR PANDIT J. L. BHARGAVA : Sir, the cow question possesses an importance all its own for us, Indians in general, and Hindus in particular. No question political, religious or economic, exercises the Indian mind so much as this mixed question of vital importance does.

The population in India is agricultural, in the main. To a Hindu, economic instinct, utility, gratitude or something mysterious, true or untrue have crystallized the consideration for the cow into a religious sanctity. On many occasions in the year at particular festivals, the Hindus worship and respect the cow from time immemorial. Their scriptures are replete with traditions and stories which seek to depict cow as the treasure of all blessings. No orthodox Hindu would die without gifting away a cow. Call it prejudice, call it passion, call it the height of religion, but this is an undoubted fact that in all the Hindu mind nothing is so deep-rooted as the sanctity for the cow.

I am fully confident that the Government is conversant with the strength of this feeling in the matter, and I trust that the subject shall receive the consideration it so richly deserves.

The present Resolution, however, does not touch the broad question of cow protection in its various details. It embodies a very moderate demand and presents the milch cattle question from an economic standpoint which affects all sections of the Indian community equally.

The price of cows, bullocks and buffaloes has risen to such an alarming extent, that a peasant has to yawn several times before he can feel that he can replace his cattle or provide himself with them.

In countries other than India where agricultural operations are carried on with horses or improved machinery, the bullocks may not be very useful, but here in India the bullock is as indispensable for cultivation as the human hand.

These cattle are the wealth, the support and the mainstay of the agriculturists in general.

The question of milk supply in India, where milk forms the chief and indispensable factor of human consumption, is one of exceptional significance. Within the memory of living men milk was not considered to be a saleable commodity in the villages. The acceptance of any price for it was regarded very derogatory ; but now on account of the export of milch cattle and other causes, which occasion a decrease in their number and quality, the supply of good milk at reasonable prices in towns and villages presents difficulties which baffle solution.

To vegetarians in India the price of ghee also is a matter of supreme concern. From $2\frac{1}{2}$ seers per rupee to 6 chhitaks per rupee in the lifetime of one generation is a fluctuation which would stagger the imagination of many. In fact, milk and ghee constitute the staple food of all Indians alike, and export of the milch cattle from an economic point of view is fraught with the most serious consequences.

The state of impoverished India can be bettered to an appreciable degree by the prohibition of the export of such cattle from India. I come from a part of the country which was once famous for its bullocks and cows. The Hariana, as it is called, was the home of bullocks and cows whose endurance and milk yielding capacities were the talk of the whole country and milk and ghee were found in great abundance

It was difficult to find a home without milch cattle. But of recent years the export of cattle from Hariana has been very great, and I have seen with my own eyes people looking with eyes full of concern and dismay at the moving railway waggons carrying away their milch cattle outside their part of the country, and attributing the rise in the price of milk and ghee to the export of such cattle.

It is the primary duty of every Government, four-fifths of whose subjects follow agriculture as their sole occupation, to conserve, develop and protect agricultural cattle : one of the effective modes of improving the material condition of the masses is to bring about an increase in the number and improve the quality of agricultural cattle. The military and non-military classes of India subsist on milk and milk products. It is absolutely necessary, for the maintenance of physical vigour and stamina among the people, that no efforts be spared which tend to increase the number of milch cattle. I therefore think that the prohibition of export of cows, bullocks and buffaloes is highly desirable in the interests of agriculture, and for the supply of milk and ghee so necessary for human consumption in India.

I am confident that considering the subject from a purely economic standpoint, this Assembly will whole-heartedly urge on the attention of the Government the desirability of accepting the Resolution.

MR. N. M. JOSHI : Sir, I move that the question be now put.

THE HONOURABLE THE PRESIDENT : The question is that the following Resolution be accepted :—

'The Assembly recommends to the Governor-General in Council to be so pleased as to prohibit by legislation the export of good breeds of cattle from British India to any foreign country when the Government is satisfied that the stocks of such breeds are being unduly depleted.'

The motion was adopted.

LEGISLATIVE ASSEMBLY EXTRACTS FROM GENERAL BUDGET DISCUSSION.

7th & 8th March 1921.

MR. E. L. PRICE : Exports are under Government control ; let Government relax that control, release it and have done. What are they afraid of ? They know that they have made huge profits out of rice, but they cannot make any more. Last October they were selling Indian wheat at over 130 shillings a quarter ; its price now is about 70 shillings. What are they afraid of ? Government itself dare not go on the way they did before, but they have invited the merchants to do it at their own risk ; and the merchants—well—they are not doing much of it. The export firms in Karachi, even with the exchange so low and freights at 20s., are loath to pay the old Government rate of Rs. 49-2-6 or thereabouts a candy. So I put it candidly that the growers of rice, wheat and other controlled grains have in effect lost their market owing to Government interference, and there should be a natural anxiety on Government's part that this severe discouragement of agriculture both in India and in Burma should not go any further.

MR. P. P. GINWALA : There is one other point, and that is this question of the rice profits. Now, Sir, I have been trying to follow this rice profits account. I don't want to go at present into the history of that question at all, but we claim, and it is now generally admitted, that we are entitled to a sum of 9 crores and a quarter of rupees from the Government of India by way of rice profits. Our case is, that this is a debt which the Government of India owes to our province. Now they have admitted that the sum is payable to us—this 9 crores and

a quarter. But they say, that we must wait until they are in a position to pay us. Of course, it is said that the amount is lying to our credit. But we are also told that when we want it, we have got to give them notice that we want it and, if it is convenient to them they will pay it. There are many methods of keeping accounts and this may be very good from the point of view of the Government of India, but I submit, that we are right in saying that it means a loss of nearly 54 lakhs of rupees a year to Burma. If the Government of India, instead of keeping our 9½ crores as a deposit in their cash account, could transfer it to its debt account and pay us 6 per cent. interest, we would gain to the extent of 54 lakhs a year. We are not asking you to make us a present of any interest. We are asking you to pay us interest which you owed us, and which you would have to pay if you had to borrow this money in the open market. Of course, it may be said that other provinces do not get interest on their cash balances. True, Sir, but this is not an amount which at all ought to have been in your cash balances account. This is an amount which you had taken from us and, now that you admit that you are not entitled to it and when you are willing to give us that amount, I think it would be unfair to a young province like Burma that you should not pay the interest whilst you enjoy the use of our money. I trust, the Honourable the Finance Member will see his way to change this method of keeping his accounts so that it may be more favourable to Burma than it has been in this instance.

HONOURABLE MR. W. M. HAILEY: I cannot, however, give him* any kind of hope that we can give Burma the interest on the rice money. I think the general feeling of the House will be that Burma has been lucky to get the whole of its rice money, and should be content with it without asking the interest on it also.

If the Honourable Member† can do anything to convince the urban interest that restrictions on the export of food-grains are a bad thing to India, let me tell him that he would have a supporter in the Finance Department. For the restriction is not a financial one at all, Sir, it was imposed purely for administrative purposes.

*i.e. Mr. Ginwala.

†i.e. Mr. Price.

EXTRACTS FROM GENERAL BUDGET DISCUSSION.

7th & 8th March 1921.

RAJA SIVANANDAN PRASAD SINGH : India is an agricultural country and it is an irony of fate that poor cultivators who work in fields with their wives and children from morning till noon and from noon to dewy eve are deprived of the rewards of their labours.

All the agricultural produce, such as food-grains, etc., are purchased by the middleman and exported to foreign countries with profit to himself and starvation allowance to the actual cultivator. If India is to develop economically and to take a place among the nations of the world, an embargo should be put on the agricultural produce of the land specially food-grains. The collection realized from the export duty on food-grains would be more than sufficient to meet any deficit in the finances of the country. This is only an arithmetical calculation which could be made from a glance of the trade returns. Look into the export of food-grains, say of 1917, a period much below normal. The exports abroad of food-grains were nearly 2,915,000 tons. Notwithstanding the scarcity of tonnage, the foreign trade in rice was well maintained. Nearly 1,585,000 tons were exported. These exports were valued at Rs. 18.42 lakhs. The exports of wheat were valued at Rs. 8.95½ lakhs. I am conscious that in presenting the other side of the shield, namely, in proposing an export duty on food-grains which are grown in our country and to which my countrymen have a preferential right of enjoyment, I would be attacked by the wealthier class of merchants and middlemen on the ground that they would cease from buying these food-grains for purpose of export. If they restrain from doing it, I would regard it as a consummation devoutly to be wished for. If the produce remains in the land, the cost of living would go down automatically and there would be no poverty in the country and no unrest anywhere. This is a matter for serious consideration. Ours is a democratic Government which should first look to the welfare of the people committed to its care. All vested rights and interests should be sacrificed for the common good of the country.*

Mr. E. L. PRICE, Members from Bengal, Assam and Madras know in how bad a state the tea trade is; yet it is being taxed. On hides and skins the old Government of 1919 imposed an Empire preferential export duty so fantastic in conception, so detrimental in practice, that even British import merchants and tanners for whose supposed benefit it was instituted

*NOTE—The Honourable Member no doubt meant "for the good of the Towns." E. L. P.

refuse to trade under it. I cannot go into details now, Sir; I have them in my pocket or rather on the desk before me in print, supplied by the Chamber of Commerce of Karachi, and I shall be very glad to place them at the disposal of any Member who wants to examine the details of the subject. One point the Karachi Chamber of Commerce has not made which I wish to make. The Muhammadans of the Punjab were never very great traders, but they had a monopoly of the trade in hides and skins—it was the one trade the Hindus left to them. The greater injury to them that this one trade of theirs was so foolishly interfered with. If there is any Muhammadan Member here with commercial experience in Amritsar, Lahore or Multan, he can bear me out, and I hope he will. I further put it to the House that export duties are a badge of defeat and exhaustion. If not, why does Germany resist their imposition, their application to herself, why do the Allies insist thereon? When we have won the war, why should we share even in a small measure in the disabilities and penalties of the defeated?

MR. A. D. PICKFORD : Sir, on the question of general taxation a speaker in the House of Commons laid it down that a tax should be equitable, economically sound and productive. I wish to draw the attention of the House to two forms of duty which satisfy none of these three conditions. In the memorandum explaining the details of the estimates, I see that in the revised figures for the current year (1920-21), a substantial decline is anticipated under the head of Export duties which were originally budgetted to yield Rs. 688½ lakhs but are now expected to yield only 505 lakhs. This decrease of Rs. 183 lakhs is to be found chiefly under Hides and Skins, which are Rs. 143½ lakhs less than anticipated and Tea which is Rs. 21½ lakhs less, due, as the Memorandum says, to the depressed condition of these trades. If a similar condition of things occurs in the coming year, I am afraid, the Honourable the Finance Member will lay himself open to the description once applied to the Chancellor of the Exchequer—the manipulator of mythical millions. Taking first the item Raw Hides and Skins, we find here a typical instance of the evil effects of imposing a duty without taking into consideration all the factors likely to influence the position. It will be remembered that the duty on raw hides and skins, Mr. Price has already alluded to this matter, was imposed during the Simla Session in September 1919. When introducing the Bill that was necessary to amend the Indian Tariff Act, the Honourable Member in charge said that the object of the Bill was to ensure that our hides and skins should be converted into fully tanned leather or other articles of leather so far as possible

in India and failing this in other parts of the Empire, instead of being exported in a raw state for manufacture in foreign countries. I hope at a later date to be given an opportunity of explaining to this House how the legislation introduced in 1919 has failed to have the effect intended. Indeed, an officer of Government in the Council of State the other day stated that he had heard of a 'tax on hides which was now ringing the knell of that industry. My point meantime is, that this duty was never imposed for revenue purposes but solely for the purpose of helping a particular trade or industry. Then again in the original Budget for the current year this duty was estimated to yield Rs. 210 lakhs. As a matter of fact, it is now not expected to yield more than 66½ lakhs and I am very disappointed to find that Government have not given a favourable ear to the representations of the merchants who are engaged in this trade. Instead of cancelling this duty entirely, seeing that it has failed in the object for which it was originally levied, or instead of suspending the operation of these duties so long at least as the present depressed condition of trade continues, I see that Government expect to realise a crore of rupees under this head during the forthcoming year. Another point, I must admit, that the export duty on tea is different from that on raw hides and skins for the reason that the tea duty was confessedly introduced as a revenue yielding tax.

Even so, it must be remembered that the imposition of that tax was practically unopposed for no other reason than that the war was in progress.

In the Budget for the current year the tea duty was estimated to yield 63 lakhs, but is now expected to return 41½ lakhs only, and for the ensuing year I observe Government have budgetted for an income of 50 lakhs under this head. I quite recognize that this is not the time to dispense with taxes or duties which yield an income to the State, but, in my opinion, this is not a sufficient reason for continuing the duties either on hides or tea, and I appeal with confidence to Government to give relief to trades so hardly hit as the hide and tea trades undoubtedly are. I have not been able to go over all the items in the accounts laid before us to see where savings can be effected in expenditure in order to permit of these duties on tea and hides being dropped out of the accounts; but under the head of posts and telegraphs I find items of capital outlay amounting to over 2 crores of rupees which are being charged to the revenues of the ensuing year. I would suggest that the time has now arrived for maintaining separate accounts for revenue and capital expenditure on

posts and telegraphs. If those 2 crores are now transferred to capital account, this will enable the export duties on raw hides and skins and on tea to be dropped out entirely. As I have already said, taken together, they are expected to yield only 108 lakhs for the current year, and I think the Honourable the Finance Member is optimistic in budgetting for a yield of 150 lakhs from these duties during the ensuing year. The transfer to capital of the 2 crores already referred to will more than cover the deficit caused by the cancelling of this Rs. 1½ crores of export duties. I trust the Honourable the Finance Member will give this matter serious consideration, and that Honourable Members here will support me in putting forward this recommendation with a view to helping two Indian trades which are at present in a very depressed condition.

THE HONOURABLE MR. W. M. HAILEY : Then, finally, it is suggested* that we should remove the export duty on hides and tea. That is a proposal which has found an answering echo, Sir, from Mr. Spence and Mr. Pickford, I shall say little about that export duty here, because other occasions will arise in the course of the budget debates. I would only remind the House here that it would cause a gap of about a crore and a half of rupees. It may be true, as Mr. Pickford says, that we are unduly optimistic in hoping to get that revenue this year from hides and tea ; but the immediate point for me is that something up to a crore and a half of rupees would disappear from the budget and would have to be made up somehow.

LEGISLATIVE ASSEMBLY.

THE FINANCE BILL (EXTRACTS).

18th March 1921.

MR. SAMBANDA MUDALIAR : Sir, I beg to move the following amendment, namely :

' That to clause 2, the following new sub-clause be added :—

' In the Third Schedule to the Indian Tariff Act, 1894, after item No. 5, the following new item be added :

' 6-Myrobalan (*ad valorem*) 5 per cent.'

Sir, to such Honourable Members of this House as are connected with the tanning industry in India I may say that they may know that this article Myrobalans is freely used in tanning raw hides, skins, etc. I may state for the information of this House that this article is exported in very large quantities to foreign countries, England and other countries. I may just give the figures which will convince the House that by levying

* i.e., by Mr. Price.

an export duty on this article we can get some money, with a view to tide over the financial difficulty this year. I shall give the figures. In 1914-15, 1,164,260 cwts. were sent from India—the value in sterling being £350,450. Then coming to the last year, 1919-20, we see that the quantity exported from India comes to 1,711,589 cwts. and the value to £619,935.

Sir, I venture to discuss this proposal from two points of view. The first and foremost point is that it will bring in more money, and, secondly, it will stimulate the growth of industries in India. I may mention for the information of the members of this House that Myrobalans is also used for the extraction of oil in India, and I understand that two or three firms make use of this article for the purpose of extracting oil which is used for tanning purposes. Therefore, in view of its utility, I think the levy of this export duty will stimulate the growth of this species of industry in India. I submit that by levying a 5 per cent. duty we can get not less than Rs. 50,000, perhaps it may even be a little more. I put the figure of 5 per cent. more cautiously. I beg to submit that, in considering my proposal, it should be viewed from a broader aspect, namely, as I said before, it will stimulate the growth of industries in India; and it is from that point of view I submit this proposal. Another advantage that will accrue from accepting my proposal is that it will bring in more money. For these two reasons I venture to commend my proposal for the acceptance of this Assembly.

MR. E. L. PRICE : Sir, the mover of this proposal suggests that his proposal will stimulate the growth of industries in India, but I ask if it will add to the production of Myrobalans. Now, Myrobalans are an agricultural product and I have got very strong feelings on this subject, Sir, because I know the way in which land owners and cultivators have been treated for some years in India. There seems to be a determined effort on the part of town dwellers to pile every mortal piece of taxation they possibly can on the agrarian interests. Quite recently, Sir, there were Rs. 9 crores made on Burmese rice at the expense of the cultivators—put to what purpose? I do not yet know. In adjusting figures the Honourable the Finance Member laid before us ten days ago, there was an item of Rs. 90 lakhs made out of the Punjab wheat. All that money is taken from the pockets of zemindars and cultivators and transferred to the credit side in the budget. Why tax zemindars over and above the real rates of taxation that you have? I suggest, Sir, that ever since the time of Akbar, the principle has been that all the Imperial taxation due from the land owner has been the land revenue assessment. Over and above that, to

put export duties on his products and impoverish him would greatly militate against the development of agriculture. The thing seems to me hopelessly wrong in principle. These men want to get the best price they can for Myrobalans. Now you put on 5 per cent. duty. Who pays it? Undoubtedly it comes off the producer's price.

Mr. C. A. INNES : Sir, I think it is rather a commentary upon Mr. Sambanda Mudaliar's proposal that the two following proposals are proposals for the removal of export taxes now in existence. Mr. Sambanda Mudaliar wishes us to place a new export tax upon Myrobalans. Sir Frank Carter and Mr. Pickford wish us to take off export taxes which are already in existence. Now, Sir, I think that the House ought to take a warning from this. The trouble about an export tax is the uncertainty of its incidence.

It is never quite certain where the incidence of the tax is going to fall. With an import tax it can always be said that it eventually comes down upon the consumer ; but with an export tax you can never be sure of that and you can never be sure that the incidence of the tax will not fall upon the producer. Now, apart from that, I suggest to this House that this is a very unfortunate time to suggest an export tax upon a tanning material like Myrobalans.

It is common knowledge, I think, and I am sure Mr. Pickford will tell us about it later on, that the tanning industry in this country is at present in a very depressed state. The tanning industry all the world over is in the same depressed state, the markets have collapsed, buying and selling is very restricted, and there is very little market for the produce of our Madras and Bombay tanneries. It is perfectly certain, and it has always been the case that India has produced far more Myrobalans than she requires for her own purposes. At the present time that is even more the case than ever. I think I am correct in saying that only last year the Madras tanneries actually stopped tanning for six months. As I have said, not only is the industry depressed in India, but it is also depressed all the world over ; therefore, the demand for Myrobalans has grown less all the world over ; and it is just at this time that Mr. Sambanda Mudaliar comes up with this very questionable proposal that we should put a 5 per cent. duty upon our Myrobalans. As those who produce Myrobalans are having enough difficulty as it is to sell their Myrobalans, I ask this House not to add to their difficulties by imposing an extra tax upon them. I am quite sure it will do no good ; it may bring in a little revenue, but very little, but we may kill the trade and we may drive the home tanners and the people who now buy our Myrobalans to the numerous other tanning

materials and tanning extracts which can be obtained all the world over. People do not use merely Myrobalans, they use every kind of tanning material, they use every kind of extract, and why should we select Myrobalans and say that there should be an export tax upon them? I think, Sir, that the proposal is an unsound one. In any case, I would suggest that, before we pursue a proposal of this kind, we should wait till we get the report of the Fiscal Commission which will go into the whole of these export and import taxes.

SIR LOGIE WATSON : Sir, if I thought for a moment that this proposed duty of 5 per cent. on Myrobalans would have been in the least likely to encourage the tanning industry in India, I should support the Honourable Mover. I do not think it will have the least effect on the tanning industry and I also do not think that the 5 per cent. added to the price will have the least effect on the market at Home. At the present time, as the Honourable Mr. Innes just mentioned, there are more Myrobalans in India than can be used in the country or in the tanneries in other parts of the world. Under ordinary conditions, the ordinary class of Myrobalans shipped from India is what is known as No. 1 grade. The Home merchants buy it as a colouring agent more than a tanning agent, and that being the case, I cannot agree with the Honourable Mr. Innes that other tanning agents can be substituted for it; possibly he knows more than I do on that point, but at any rate we have tried to discover for many years whether that was the case or not.

MR. PRICE referred to Myrobalans as if they were planted like potatoes. That is not the case. There are large jungles of Myrobalans and a good many of these jungles are owned by Government; but that does not help his argument in any way, and I am simply mentioning it in passing.

I remember when I came to India first we used to buy Myrobalans at Re. 1-4-0 a maund. I have seen them as dear as Rs. 4-12-0 a maund, and I believe the price to-day, notwithstanding the fact that tanners are not buying, is Rs. 2-12-0 a maund. So if, in the old days they made a profit on Re. 1-4-0 they must indeed be making a very high profit to-day and so I have no sympathy with the 'poor down-trodden people' Mr. Price referred to.

MR. J. F. BRYANT : Sir, I should like to point out that in the case of an export tax on monopolies, the tax falls on the consumer. If the article is not a monopoly, the incidence is largely on the producer.

In this case, Myrobalans are practically a monopoly of India ; but we depend, not on their value as Myrobalans, but upon the value of the tannin contained in them for tanning purposes. Tannin is found all over the world. It is not a monopoly of India. Hence by taxing Myrobalans, you would virtually be taxing the Indian Collector of Myrobalans.

Now the difficulty of imposing a tax in this case is that the principle will apply to all substances other than Myrobalans.

You might as well impose a tax on any article exported from the country, or all other exports because the same principle will apply.

Now, Sir, I leave it to this House to judge whether it is expedient to tax exports at a time when we want to establish a favourable trade balance, in other words, to improve our exchange. My third argument is that Myrobalans have already been taxed. In the vast majority of cases they are forest produce, and they are collected in a variety of ways and in most instances in Government reserved forests. The Minor Forest Produce Contractor has already paid Government for the right of collecting them. That practically amounts to a tax, and if you impose another tax you would be taxing him doubly. I think that is very unfair and I leave it to the House to consider whether it is just to tax Myrobalans twice over.

SIR LOGIE WATSON : Sir, might I rise to correct one statement made by the Honourable Member that the value of tanning material is always determined by the amount of tannin ? That might be said to be the case generally, but there are many exceptions. There are in India many tanning agents which contain a large amount of tannin but are worth little because of their objectionable colour.

THE HONOURABLE THE PRESIDENT : The question is :

' That to clause 2, the following new sub-clause be added :

' In the Third Schedule to the Indian Tariff Act, 1894, after item No. 5, the following new item be added :

" 6 " Myrobalan (*ad valorem*) 5 per cent.'

The motion was negatived.

SIR FRANK CARTER : Sir, the amendment which stands in my name runs as follows :

' That to clause 2, the following new sub-clause be added, namely.

' (3) With effect from the 1st day of April 1921, in the Third Schedule to the Indian Tariff Act, 1894, item No. 5, relating to Tea be omitted.'

Sir, the export duty on tea was imposed by Sir William Meyer in his Budget in 1916-17, and he brought forward three reasons why this duty should be imposed. The first was that Ceylon paid an export duty, the second was that the tea trade paid no income-tax, and the third was that the tea trade was prosperous.

At the time of the imposition, strong protests were made by the Indian Tea Association in Calcutta and London and attention was drawn to the unsoundness of an export duty on a commodity which is not a monopoly of the country of production. The Honourable Mr. Innes has told us also about the unsoundness of export duties, and I am quite sure that he has put it far more lucidly than I can. However, the Tea Associations in Calcutta and London regarded this tea export duty as a burden resulting from the war, and for that reason they accepted it. I think, however, I can fully show this House that none of those reasons which induced Sir William Meyer to put on that export duty in 1916-17 are existent at the present day. The example of Ceylon no longer holds good because they are trying to do away with their export duty. As regards the question of income-tax, it is true that at that time the profits on the manufacture of tea were not liable to income-tax, but by a recent ruling of the High Court this exemption no longer exists. Whatever may be thought of that ruling or of the conduct of the Government of India leading up to it there can no longer be any reason for maintaining the export tax. I now come to the third reason brought forward by Sir William Meyer, the prosperity of the tea industry. And I think that I can prove conclusively to this House that, if for no other reason, the export duty on tea ought at once to be removed. No one needs to be told that the prosperity of the tea industry no longer exists. In fact, it is common knowledge that the tea industry is on the verge of, I may say, bankruptcy. It is at the present moment in a deplorable state. The position has been brought about by the entire cessation of the demand from Russia and the accumulated stocks in the London warehouses. The industry is now struggling not to make a profit, but for its very existence and it is no exaggeration to say that for fully three-fourths of the tea now being sold at the weekly auctions, the prices realized show a loss of pence per pound. When the export duty was originally imposed in 1916 the average price on the Calcutta market was 8 annas per pound for good tea. This average price has now fallen to 5 annas and 3 pies per pound and common teas are being sold as low as one anna nine pies per pound. This latter figure. I may tell this House, barely pays for the cost of the box and transport.

There is nothing left for the price of the tea. You can easily understand, therefore, Sir, that this state of things cannot last for long. Gardens already have been shut down and more must be shut down. And if this state of affairs continues what is to become of the labour? Tea labour is paid partly on the basis of work done and this is reduced because there is less work to be done. If the present state of affairs continues, there will be a large amount of labour put on the market in Assam. As I said before, I expect it must be well known to this Assembly that an export duty on an article which is not a monopoly of the country of production is unsound.

The most severe competition that the tea trade in India experiences is from Java, and I think I can show to this House by the following figures that the exports from Java to Australia—Australia's trade was originally practically confined to India—have increased owing to this export duty, out of all bounds. In 1912, the exports from Java to Australia were 5,900,000 lbs. In 1917, the year after the duty was imposed, they were 11,600,000 lbs. which is double the figure for 1912. In 1918, they were 11,400,000 lbs., in 1919, 16,000,000 lbs.; in 1920, 20,000,000 lbs.; and it is anticipated that in this year, 1921, the figures will amount to over 21,000,000 lbs. This is a very serious matter, especially as the tea industry has to face competition not only from Java, but from other eastern markets such as Japan and China. It may be thought that I am arguing this only on behalf of the British gardens. But I am not doing anything of the kind. The tea industry is not in any way confined to British gardens, and the capital of the tea gardens is not by any means in the hands of the British. There are many Indian gardens which at the present time are being ruined, and it is especially to keep those Indian gardens alive that I ask for this tax to be removed. It is the Indian gardens which are being hit far more than the British gardens, because they have not the money behind them to fall back on, now when the times are so bad. In the present crisis, such a crisis as few industries have ever undergone, I think, Sir, that the retention of this duty cannot on any reasonable grounds be justified.

LALA GIRDHARILAL AGARWALA: Sir, I find from the Tariff Schedule, page 9, item 68, that tea is taxed at 11 per cent. Now, if I understand my Honourable and learned friend rightly, he refers to this item when he says that this be omitted and that tea be imported free of duty.

SRIJUT DEBI CHARAN BARUA : Sir, I am glad to support the motion of Sir Frank Carter, and in doing so, I beg to state that the tea industry is now suffering from one of the worst crises it has ever met with. The tea that was sold at 8 to 10 annas a lb. fifteen months ago and previously, is now being sold at 4 to 5 annas. The cost of production itself exceeds 5 annas a lb. The tax was imposed for the first time during the war when the industry quite enjoyed a boom. And it was understood by the people interested in the industry only as a war measure and no serious objection was taken against it. On account of the depression in the tea market, some gardens are already closed, and many of them are on the point of being closed down. Tea is one of the staple industries of India. The commodity is one of the chief items of export and helps the exchange system favourably to the Indian people. The industry apart from giving employment to a large number of the population, indirectly pays to Government large sums of money in the shape of import duties on costly machineries, land revenue, income-tax, etc. By its coaching traffic it contributes a good deal to the upkeep of several railway on the frontier which cannot but be regarded as strategic. For these reasons especially it is quite in the fitness of things that item No. 5 relating to tea in the Third Schedule to the Indian Tariff Act, 1894, be omitted. It should be noted at the same time that the continuance of the exports duty will mainly affect the coolie and the Indian proprietors of tea gardens. The coolie will be affected inasmuch as the garden owners are finding it difficult to spare labour for extra works which the coolies are anxious and interested to have, because, as I said yesterday in another connection, he can finish his daily task of work in the course of six hours. The Indian owners of gardens will suffer as most of them lack reserve funds, while the European owned estates may stand the shock to some extent as their concerns consist mainly of joint stock companies with substantial reserve funds. It should also be borne in mind, as I have already said, that as the tea industry pays the Government in the shape of land revenue, the Government should not expect a contribution in the shape of export duty.

With these few remarks, I beg to support the motion of Sir Frank Carter.

MR. ZAHIR-UD-DIN AHMED : I am in favour of this motion. Export duty on tea means tax on coolies' wages pure and simple. I know Government wants money. That is no reason that it should tax an industry which is passing through such a bad time. Government

needs money. So do I. That is no reason why I should pick the pocket of the first man I come across. In my opinion this is the time when the export duty on tea should be removed.

MR. C. A. INNES : Sir, the position of Government in regard to Sir Frank Carter's proposal is that they are prepared to leave the decision in this matter entirely to the House. I will endeavour merely to state the facts as Government see them, and then we shall leave the House to decide. As a matter of fact, I have very little quarrel with Sir Frank Carter's account of the tea industry and of its present condition. The only suggestion I have to make is that it is very doubtful whether the export duty on tea has led to the increase in exports from Java to Australia. I think it is pretty nearly certain that the increase in exports from Java to Australia is due to the fact that the United Kingdom gives a preference of 2*d.* per lb. to the Empire teas.

Therefore, Indian tea has a preference of 2*d.* per pound against Java tea and Java tea has now sought new outlets in Australia where the same disability does not exist, since, India at present does not get the benefit of the Empire tariff in Australia. Now, Sir, there is no getting away from the fact that the tea industry at the present time is in a very bad way. But it should be clearly understood, I think, that this export duty on tea has had nothing to do with the present condition of the industry. It is not the cause of the present depression. The cause of the present depression is known to everybody. In the first place, the high exchange in the latter half of the last year was a bad blow to the tea industry, which received the blow with double effect. For many years past too, production among the tea gardens has been increasing. The area has increased and the production has increased. The average production per mature acre has risen from 392 pounds in 1898 to 609 pounds in 1918. On the other hand, with the collapse of the Russian market the outlet for tea had diminished. Now the tea industry did not realize what its position was going to be at the end of the war. During the war, there was an enormous demand for tea for army purposes, and it was not realized either by Government or by the tea industry or by anybody else that as soon as the war ended the outlets for consumption of tea outside India would decrease. The main cause of that is the fact that Russia which used to take 50 million pounds of Indian tea is now out of the market. Secondly, the tea estates went on producing tea and went on shipping tea home to England, with the result that in November last no less than 220 million pounds of tea were in stock in the United Kingdom against a normal stock of about

100 million pounds. The result of this is of course that there has been a disastrous slump in prices. The slump has made itself felt most in respect of common teas and low grade teas. High grade teas still fetch high prices, but the low grade teas, which constitute the bulk of the teas produced, are doubtless selling at very low prices, and I think it is quite correct to say that the prices obtaining for these low grade teas are less than the cost of producing, that is to say, the planters are losing on every pound of tea. But, Sir, the export duty has had nothing to do with this. The sole causes are the increased production and the loss of markets. Production has outrun consumption. But I do not admit that we actually put on this duty as a war duty. The Indian Tea Association pressed that we should give, that Sir William Meyer should give, them an assurance that the duty should be put on specifically for the period of the war. But Sir William Meyer, being a very cautious gentleman, declined to give any pledge to that effect, and we cannot be accused of a breach of faith if we do keep on this tea duty. The sole justification, for taking off the tea duty now is that the industry for the moment is in a depressed condition and this tea duty, though it has not been the cause of the depression, undoubtedly is contributing to the depression now and that is the reason why the duty should be taken off. All these facts have been placed before the Government of India, but there is another big industry which is also in a state of depression, namely, the hides and skins industry. We are going to have later on a proposal to take off the export duty on hides and skins. Now, if we take off these two export duties, we lose revenue next year to the amount of a crore and a half; we are budgetting for a crore and a half of revenue from these two industries, and so, when we had to come before this Assembly with a deficit of 18 crores, the Government of India decided that they would not of their own motion take off these two duties and add to that deficit, because we should then have come before you with a deficit of 19½ crores instead of 18 crores. That is the position. I have tried to explain it as fairly as I can. We admit that the tea industry is in a bad way at present. We admit that this export duty on tea is adding to the loss which is already being experienced by the tea planters in respect of low grade or common teas. But what this House has got to realize is that if we take off this export duty, it is going to cost us 50 lakhs of rupees, and it is for the House to decide whether they will take off this export duty and find us 50 lakhs from some other source.

I have tried to explain the matter as fairly as I can.

MR. A. D. PICKFORD: Sir, I have to admit, speaking generally, that Mr. Innes has put the case very fairly before the House. I only want to comment on one or two points.

As regards the question of the exports from Java to Australia, I cannot quite understand, I must say, the theory that this is due to the two pence Imperial preference which Indian tea exported to the United Kingdom enjoys. I could understand it, if there were a market in the United Kingdom and if, therefore, the Indian tea industry were sending its tea to the United Kingdom in preference to sending the tea to Australia. That is not the case at all. If we were able to avoid it, we would not send a pound of tea to England at the moment because we cannot sell what is there. I think it is a mere presumption to say that, because there is this two pence Imperial preference in the United Kingdom, and because the exports from Java to Australia have gone up, that, therefore, the two things are connected. As a matter of fact, it is true to say that Indian tea has endeavoured to compete with Java tea in Australia and it has not, in point of fact, succeeded.

Then, the tea industry will admit at once that it would be absurd to say that its present condition is due to the export duty ; but I venture to think that it is more than a mere contributory cause of the present depression. At the time when this export duty was put on and when the tea industry was prosperous, we were warned by tea brokers and tea shippers that this export tax put us at a definite disadvantage in the appearance and attractiveness of our export invoices as contrasted with other countries. So that, at all events, while it is impossible to prove that the export tax at that time did injure the tea industry to any very special extent except in so far as export taxes always do, it is fair to tell the House that, in the opinion of the experts, it was a definite disadvantage to this great Indian industry as compared with other countries like China, Japan, Java and other places which are now producing tea.

With regard to the increase in production, that is undoubtedly one of the contributory causes, and, lest anybody should think that this was a mere rushing out of extra cultivation in order to take advantage of high prices for tea, I should like to explain for the information of members of the House that that extra production per acre is due to intensive cultivation which has been made possible by the work of the Research Department of the Indian tea industry, and to suggest to the members of the House that it is an extraordinarily hard thing that the enterprise of the tea industry in this particular matter—an enterprise in which, as my Honourable friend Mr. Barua has explained to you, Indians are most especially interested—it is, as I said, a very hard thing that we should suffer from the results of enterprise which, under ordinary circumstances, would

have brought a substantial and very justifiable reward to the industry. I feel sure that the House will consider that it is a legitimate thing to remove this tax. And with regard to what Mr. Innes has said as to the loss of revenue, it must be remembered that the Budget position has been improved to the extent of one crore by the transfer of one crore from Revenue expenditure to Capital expenditure under the head of Posts and Telegraphs. I notice Mr. Joshi smiling. I am not at the moment referring to the increase which we have this afternoon put on the postage on letters. I commend this subject to the sympathetic consideration of the House.

MR. T. V. SESHAGIRI AYYAR : Sir, having regard to the attitude taken up by the Government, I think it is desirable that I should warn the House against the impression which will be created throughout the country if this motion is accepted. At a time of financial stringency we are asked to remove a tax which has been in force for a number of years. Sir, the figures given us in the explanatory memorandum are these : In the year 1917-18 tea brought to the Government Rs. 43,83,261 ; in 1918-19, Rs. 43,85,778, the next year Rs. 54,50,724 ; the year after Rs. 41 lakhs odd, and in the coming year the Government is budgetting for about 50 lakhs. At a time when the country is asked to undergo a fresh duty upon matches and umbrellas, we are asked to remove a tax which has been bringing to the Exchequer something like 50 lakhs. If we allow this thing to be done, what will be said outside is this—Because in this House there are powerful exponents of a particular industry they have been able to carry the House with them and that they have ignored the wishes of the people and have not consulted their interests. I think, Sir, it would be disastrous if such a feeling should prevail, and I hope that in the interests of justice this motion will not be pressed to a division.

Sir, as has been pointed out by Mr. Innes, if this tax is to be taken away, we might very well be asked that the tax on hides, which is likely to bring in one crore, be removed. Mr. Rangachariar might come forward with a motion that land revenue is very high and agriculture has suffered a great deal, and that land revenue should be reduced. Having regard to the fact that we are dealing with a period when we cannot afford to lose anything we have already got, it would be a very bad precedent that we should be asked to give up 50 lakhs because the tea industry wants it. As was pointed out by Mr. Innes, the present position of the tea industry is in no way due to the tax that is levied. It is due to other causes, and, in these circumstances, there is absolutely no reason why we should be asked to take off that tax.

MUNSHI MAHADEO PRASAD : Sir, at a time when we have passed the Indian Tea Cess Act, the application of which is asked not to be brought into force, at a time, Sir, when we are arithmetically calculating every pice of the budget figures, I do not think this will be the proper time to relax the export duty on tea, especially, Sir, when it was due to the eagerness of the tea-planters that they brought more land under the cultivation of tea. Sir, tea is not a necessity of life, especially to Indians, as food-stuffs are, and I submit that at this juncture it will not be proper for this House to remit the export duty on tea. With these few remarks I beg to oppose the motion.

MR. N. M. JOSHI : Sir, the tea industry seems to be a very privileged industry. We were told that its transactions are free from income-tax. Sir, everybody here perhaps knows also that it secures its labour by legislation which puts the labour at the most disadvantageous position. It makes the labourer practically a slave. It has been getting that labour in that way for a number of years, and it is still getting labour by special legislation.....

THE HONOURABLE THE PRESIDENT : Order, order. If I allow the Honourable Member to open up that controversy, I shall have to allow other people to answer it. It is getting too late for any latitude of that kind.

MR. N. M. JOSHI : My only intention was to say that the tea industry is being given a privilege by Government, and therefore Government is fully at liberty to tax that industry for the sake of the revenue of the country, and if the industry does not pay its labour sufficient to attract it by ordinary means, then certainly there is nothing wrong if the tea industry does not prosper in this country.

MR. R. A. SPENCE : Mr. President, I am not interested in the tea industry as I come from Bombay. But with regard to what has fallen from Mr. Seshagiri Ayyar I think it is only fair to remind Honourable Members that although if you Take off this export duty, you have got to find the money. There are other motions coming before the House which will have the effect, if passed, of increasing the revenues of this country, perhaps in a fairer way to the people of this country, than by taxing one of the principal industries of the country.*

*NOTE. *Vide* Legislative Assembly Debates page 673.

MR. EARDLEY NORTON : Sir, the action and the attitude of the Government in its declaration of neutrality on this motion throws upon the private members the unpleasant onus of supporting the taxation which it is sought to omit. The Government thereby escapes adverse criticism and odium outside and inside this House. It shifts the burden from its own shoulders on to ours and forces us to face a responsibility which the Government ought itself to face and enforce.

Government ought in fairness to tell us whether if this motion is carried and they lose about 50 lakhs of rupees, they have any suggestion to make as to how and whence we are to replace this prospective loss. We have to consider this aspect of the case and its influence upon the present discussion ; and although we in this quarter are, I am sure, as sympathetic as any other member of this House elsewhere with regard to the unfortunate position in which the tea planters of India find themselves, still we have to produce the money for the budget which we have already passed ; and if we proceed, as we have been proceeding to-day, making large remissions, first of 75 lakhs with regard to posts, and now, as contemplated, surrender another Rs. 50 lakhs, and next with Mr. Pickford waiting in reserve to make a further indent upon the charity of this House, it seems to me that the main source of revenue left to the Government will be a further increase in the income-tax.

That is a possibility which I contemplate with trepidation and horror. Therefore, I fear, we must shoulder the very unpleasant responsibility of voting against this and kindred motions. I think it is fair to ask Government whether if we lose this revenue what substitutes they can offer whence to replace the loss.

MR. HARCHANDRAI VISHINDAS : Sir, the only argument which has been advanced for removing this taxation on tea is that there is a slump in the industry, but I think that argument is not of any avail in respect of taxation on other articles. For instance, there is a slump in the piece-goods trade, but I do not think that piece-goods merchants are going to use that argument and ask Government to remove the taxation on piece-goods. I think, Sir, although Munshi Mahadev Prasad's remark created a laugh among the gentlemen who have spoken in favour of the amendment, he was quite right in saying that tea is a luxury, and that being the case, the fact that there is a slump in the tea industry should not stand in the way of raising a revenue from it.

MR. B. VENKATAPATIRAJU : Sir, I would appeal to Sir Frank Carter to save the Government from the awkward situation in which they have been placed on this Resolution. After all, what is the tax they have to pay ? They are paying, I think, only Rs. 1-8-0 on 100 lbs. Well, have they escaped paying taxes in England ? They cannot appeal to the British Government to save them and to allow this tea to be imported without payment of any tax. Perhaps, they have to pay there much more than the petty sum which is paid in India. They are growing and selling tea to the extent of Rs. 18 or 19 crores according to the 1918-1919 figures, and they have to pay here not less than Rs. 50 lakhs in the way of taxes. Then when they make 18 crores of rupees on tea, they have to pay Rs. 50 lakhs, but when they sell in England they have to pay double or three times or more by way of taxes. They cannot ask for any exemption there. I do not think the British Parliament would be so solicitous as to exclude any article from taxation. Can we reasonably ask for any exemption when taxation is imposed on various articles which will immediately affect the poor ? I hope my Honourable friend will not press this Resolution when we are hard up for money. After all, only a few tea planters will be affected by this, and they are making about 18 crores, if not more, and they are not poor. They also can contribute along with others. On account of famine, and failure of harvest when thousands of people are suffering in India, I think they should help the poor people of India by contributing their quota of public expenditure. I would, therefore, appeal to Sir Frank Carter not to press this Resolution.

LALA GIRDHARILAL AGARWALA : Sir, I move, that the question be now put.

THE HONOURABLE MR. W. M. HAILEY : Mr. Eardley Norton has suggested that we should relieve the House from the odium which we have attempted to place on it by the statement (made by Mr. Innes) that Government would leave the decision to the House. I cannot accept the imputation that we have endeavoured to place the House in an invidious position by putting on it the burden of the decision. Is there any question now in which we do not put the choice to the House ? There was a time when we commanded a majority, and we could control its decisions. In those circumstances Government was sometimes wont to stand aside and say, 'we would like non-official opinion to decide this case.' But we do not now command a majority in the House. Looking round the benches, I notice that even such few official members as we possess, seem to

depart on their various lawful vocations in other directions. I cannot, therefore, accept the suggestion, Sir, that we have acted in any way unfairly in putting the position as Mr. Innes has placed it before the House. He has admitted the depression in the tea trade, and that is a fact beyond any question whatever. He has suggested that depression in itself is not due to our export duty; but has asked the House to decide whether the circumstances require that the export duty should be abandoned. He has stated to the House that if the export tax were removed, it would cost us Rs. 50 lakhs. He has placed all those factors before the House and he has asked for the decision of the House on the subject. Where is the unfairness of such a proceeding?

On the other hand, Mr. Eardley Norton has asked me a question which it is my duty to answer. He has asked me whether, should this tax and its source of revenue be removed, we have any proposal for replacing it. Sir, this and the following amendment, if carried, would cost us a sum which we estimate at Rs. 1½ crores. I think that some of my friends just now were sceptical as to the suggestion that it would bring us in so much. If we are wrong in that supposition, we shall subsequently regret it; but for the present that is the amount that we have placed in our budget. We can put forward no suggestion for replacing the sum thus lost unless we increase the Income-tax or unless we increase the Customs duty, because I place out of court any suggestion such as a further charge on salt or an increase in the surtax on freight. Those are the facts.

RAO BAHADUR T. RANGACHARIAR : May I ask, Sir, if Ceylon has removed the export duty on tea which it imposed along with India?

THE HONOURABLE MR. W.M. HAILEY : It has not yet been removed.

SIR FRANK CARTER rose to speak.

THE HONOURABLE THE PRESIDENT : The Honourable Member has already spoken.

SIR FRANK CARTER : I moved the amendment, Sir.

THE HONOURABLE THE PRESIDENT : I do not find anything in the Standing Orders which gives the Mover of an amendment the right to reply.

The question is :

That to clause 2, the following new sub-clause be added, namely :

(3) With effect from the 1st day of April, 1921, in the Third Schedule to the Indian Tariff Act, 1894, item No. 5, relating to Tea be omitted.'

The motion was negatived.

MR. A. D. Pickford : Sir, I may say that in view of what has just occurred I rise with some trepidation to propose the next amendment.

It is :

'That to clause 2, the following new sub-clause be added :

(3) With effect from the 1st day of April, 1921, in the Third Schedule to the Indian Tariff Act, 1894, the third entry relating to 'Raw Hides and Skins' shall be omitted and entries 4 and 5 shall be re-numbered 3 and 4, respectively.'

I might have been tempted, Sir, in view of the opinion of the House as expressed on the amendment which was moved by Sir Frank Carter, not to have pressed this suggestion upon the House. But, as a matter of fact, the case on its merits has all the strength, admitted strength may I say, of the case that was put for tea ; but it has additional merits of its own. I am taking it for granted that the House generally do admit the merits of the tea case. I mention the tea case because it is largely bound up with this. One member, it is true, ventured to suggest that while the tea industry was not as rich as it used to be,—it was not poor—I do not think he would have pressed that argument. I see the eye of the Honourable the President on me, and I will therefore get straight to the subject of this particular amendment.

As I have said, the arguments in support of the abolition of the export tax on tea apply equally, and as strongly, to the removal of the export tax on Hides. But there is a very strong additional reason, namely, that the hide tax was imposed with the support of the leather industry in India for a definite purpose, entirely unconnected with any addition to revenue—and I am quite sure that when the Government member gets up he will admit this—that it was put on for a certain definite purpose unconnected with revenue. I repeat that because it is the point of chief importance in the case which I am placing before the House. The special purpose was to protect Indian tanneries established during the war, and, incidentally to ensure that such Indian hides and skins as the Tanneries in India could not deal with should be tanned, as far as possible, within the Empire, a purpose, you will observe, entirely unconnected with revenue. The first

object was intended to be secured by the export tax, and the second object by the rebate of 10 per cent. on hides and skins tanned in countries within the Empire.

Since the tax was admittedly not a revenue tax, there should be only one consideration in the minds of members of this House. Has it, or has it not achieved the object in view? There can be but one answer—it has not. Then I do contend very strongly that the House is not justified in retaining now for revenue purposes a tax which was imposed for quite other reasons. As I have said, the only consideration that should weigh with the members of this House is—has the tax fulfilled the purpose for which it was imposed or has it not? There can only be one answer. With the exception of one or two individuals whom I am compelled to call misguided, the views of all connected with this article or manufacture and export are agreed on that point.

It is not suggested, any more than in the case of the tea industry, that the condition of the industry has been brought about by this duty, but it is an important contributory cause and may easily turn—indeed in many cases it has turned—embarrassment into definite failure.

Now a word or two about the hide industry. I do not propose to go into any great detail although the figures that can be adduced in support of this amendment are very eloquent. I am not, I say, going in great detail into the condition of the industry, but I wish, however, to point out that the Indian hide industry has to compete with a very large number of other countries of which only one—the Argentine—has had an export duty now either removed or about to be removed, and the Indian exporter is in consequence at a notable disadvantage in the field of competition. This is greatly aggravated by the fact that the inferior grades—on which, for reasons I shall mention in a moment, the tax bears especially heavy, are not greatly wanted by British tanners, and the rebate is therefore of no assistance to the trade in those qualities.

The reason why the duty has borne with extra weight on the inferior grades is this. The tax is calculated, as I have no doubt many of you know, on prices fixed periodically for the purpose of calculating the amount of duty payable. That is common to many other articles of export. The tariff rate stood so far above actual market prices that instead of paying 15 per cent. duty, the lower grades were paying anything from 30 to 50 per cent. and low grade goat skins in some cases as much as 150 per cent. It must be remembered that the bulk of Indian hides are

of the lower grades, and that is why I lay special emphasis on this point. The position is especially injurious, it is noted, to the Indian cattle owner, whose interests this House will be especially expected—as I am sure they will admit,—to protect.

I will now recapitulate. The tax was admittedly not a revenue tax. The purposes for which it was imposed have not been achieved. All, or practically all, engaged in the hides and skins industry and exports desire its abolition. The tax has assisted in the ruin of many already and it will assist in ruining more. The tax injures the Indian cattle owner. Surely that is a long condemnatory list of this peculiarly unsound tax?

On the general question of export taxes we have heard Mr. Innes and we have heard others. I do not know whether the non-commercial members of this House realise what a fatal policy it is for any country to begin to raise its money by this hopelessly economically unsound device—I can call it nothing else—of imposing taxes on exports. They may produce a certain amount of money for a certain time; it is perfectly certain they will, at the same time, produce a condition of things unfavourable to the trade of the country. We know what the special economic problem of India at present is. It is to get the balance of trade right in order that the position of exchange and therefore the position of India may be improved. Are we, under these conditions, to retain a tax which everybody, I believe, will admit is economically unsound, which this House is not justified in retaining for purposes for which it was never imposed, which has not fulfilled the purposes for which it was imposed and which those concerned in the industry itself are anxious should be removed. I submit, Sir, that the case for abolition is overwhelming and I feel sure that the arguments I have adduced will commend themselves as strongly to the members of this House as they have to those immediately connected with the hide business. I therefore ask that this amendment be accepted by the House.

SIR LOGIE WATSON : Sir, I am extremely sorry and disappointed that my Honourable friend Mr. Pickford should have brought this amendment forward. I have listened to a very eloquent speech, but it is one that has impressed me very little.

I feel that the Honourable Member has not given much thought to this matter and has dealt with it as if it had merely been passed on to him by a friend, and not as if he were intimately acquainted with the subject himself. It is over 25 years ago, Sir, since I urged upon Government the

introduction of an export tax on hides and skins. I repeated my representations year after year. In those days, Sir, Government was not so well run as it is to-day, and I was not listened to. During the war, however, there were certain changes made and a Munitions Board was started. And I am glad to say that my friend the Honourable Sir Thomas Holland saw the object of what I had been urging for years. Sir, if this tax which is now obtaining had been introduced at the time I recommended it, we should not have had a deficit to face to-day, because, if the revenue from the tax had been put into a sinking fund, it would have amounted in my opinion to over 4 millions sterling per annum, and we should have been paying our taxes from the interest. Now, Sir, the object of introducing this tax was to encourage and develop the tanning industry in India. It is true that it has not accomplished this ; but this is due greatly to the world's slump in hides and leather. Another point, Sir, that influenced me all along in this matter is this. England is the only free market for tanned leather. We are debarred from sending an ounce of leather even to our own Colonies, to America, Germany, France and Italy, in consequence of their extremely heavy import duties. They do not want our manufactured articles. What they want from us is our raw material. Sir, at one time America was taking from us about one million goat-skins per month. They were going into the country free. She manufactured these into chrome leather and sent them back to India again in a tanned state and frequently in the form of boots. She swamped the English markets with boots and ruined the home manufactures. That was the kind of thing we had to face, and why should we seek to drop a duty that was brought into operation in order to get us a little of our own back. The Honourable Mr. Pickford asks me, did it do it ? No, Sir. It has not done it. It would have done a great deal to help us if conditions had been normal, and it will accomplish a great deal more if Government will take into consideration what I urged upon them many years ago, namely, to make the duty into Germany, France, Italy and other countries commensurate with the duty which they impose upon our manufactured articles. When that is done, India will be in a position to supply the world with tanned leather. Sir, Mr. Pickford has pointed out that in putting this duty on our raw hides, we have to compete with other countries. Sir, having been in the leather trade for only 32 years, I do not know what other countries he refers to. I should like to know if he will be good enough to tell me. I do not know of any country, Sir, producing buffaloes in the numbers in which they are produced in India. We find a few stray ones in Egypt and occasionally around Constantinople and Smyrna. But I have never seen them in numbers in any other part

of the world, and I say, therefore, that India has a monopoly of buffaloes, and as a monopoly we ought to protect it to our own advantage. I am not aware, Sir, that any other country in the world produces cow hides of the qualities and kinds that India produces. But I am subject to correction. Sir, I am intimately acquainted with China hides. China does not produce the same class of cow hides as India does.

The China cow hide is as heavy, generally speaking, as our average buffalo hide. China hides are used for the soles of boots. Indian cow hides are used for the uppers of boots. That is the difference, Mr. Price, between an average China hide and an average Indian cow hide. I do not think it is necessary for me to say any more except this much, that 90 per cent. of our raw goat skins went to America during per-war days, while our tanned leather was prevented from going into the country. Over 90 per cent. of our cow hides went to Germany for distribution on the Continent. A very small percentage went to England. There were two reasons for this. England had no outlet for tanned leather for the same reasons that we have been suffering from, and in the second place, she had no use for our low grade hides. These went to Germany which turned many of them into boots for our enemies during the war, and frequently in pre-war days returned after tanning a large percentage of them to London at twice the price she paid for them in India. It was to put a stop to this kind of thing if possible, that Government agreed to introduce this tax on the export of hides, and I am quite sure that the feeling of the members at this meeting is that it shall remain on.

MR. E. L. PRICE: I have listened with great interest to Sir Logie Watson's speech. I think it is admirable. I agree, with almost every word he says, but the unfortunate thing is that he has not addressed himself to this particular export duty at all. He has addressed himself to an entirely different question, a question on which, in the aspect he puts it, I should be rather inclined to agree with him. But I in supporting Mr. Pickford am not opposing Sir Logie Watson in his main contentions. What I am opposing is a very different thing, the Preferential Hide Export Bill of September 1919, which I put to Sir Thomas Holland, has failed miserably in operation owing to certain integral features of that Bill, which Sir Logie Watson has not even referred to.

I am not discussing with Sir Logie Watson or this House any general question; I am rather pointing out the defects of this particular Bill. First of all, I may say that this preference is not palatable to Great Britain,—

will explain that in a moment,—and as to the competition with China hides—well, of course, when two of a trade cannot agree it is very difficult,—but I assure Sir Logie Watson that I have handled Kasur-Mandi hides, a place which produces some of the heaviest hides in the Punjab, hides of much the same quality as the China hides, hides that will turn out an average of 30 lbs. per piece. There is an element of competition between India and other countries to secure a vent for our output. Now, Sir, as I am intimately connected with this business, and I really know the article—I do not know tanning, but I can really handle the raw article itself and I was on a sub-committee of the Karachi Chamber of Commerce last July when a number of questions were put before us, matters referred by other Chambers and so on. We went into the thing with some care, and I should like to give the House a gist of the report that we put up to the Chamber, which the Chamber examined and accepted and forwarded to the Government of India. It is dated 6th July 1920. First of all, this report examined the reasons put forward by the Honourable Member in the Imperial Legislative Council in 1919 in explaining the object of the Bill and so forth, and it said that the object of the Bill was to protect the Indian tanneries started during the war and for such hides and skins as they do not require to be tanned as far as possible within the Empire. Sir Logie Watson has built up a magnificent Indian business in Cawnpore. All credit and honour to him. He did it without any preferential duty. He built up his business as he told us himself 25 years before he could persuade a member of Government to take up the question for him, and the point was that when this Bill was started it was to protect the Indian tanneries started during the war, not Sir Logie Watson at all. There is a laconic remark here that the Indian tanneries do not seem to behave benefited as expected! As a matter of fact what happened was this. Sir, under the influence of this supposed protection the tanneries all went ahead and slightly over-produced and I am afraid the quality fell off. I am not of course referring to the Cawnpore tannery. As a consequence they were hit very badly in a falling market with inferior goods.

To continue :

'A preference of 10 per cent. so far from helping Empire trade has proved a hindrance. The British trade is largely entrepôt. The merchants concerned buy freely Plate, China, African and other sorts and can resell and reship them freely to the best buying markets and only in the case of Indian sorts they are under customs liability. This causes them to give an actual preference to free, that is, to Non-Indian sorts, so far, therefore, from the so-called Preference having helped Empire trade, it stands in the way.'

Now, Sir, I must diverge from the Karachi Chamber Report on this point to tell the House what happened. Government in the case of goods being shipped to a port within the Empire collected a 5 per cent. duty and took a bond for 10 per cent. That 10 per cent. bond is supposed to be liquidated within six months in either one of two ways. It can either be liquidated by cash payment for its face amount or it can be liquidated and cancelled by the production of a certificate in due form when the goods are tanned within the Empire. Now what happened was this, Sir. In respect of the goods shipped from India since September 1920, the Government of India found the trade in a great mess. I may tell the House that I am not involved because I find, I particularly looked it up, that all I owe is only Rs. 300. But I do not know how much is the amount which the whole trade owes to Government on those bonds, but it is very certain that Government cannot be paid, and Government has in fact extended the time for payment from six months to two years. Does that seem a very useful sort of way of conducting your business? You make an arrangement that turns out so impossible that you finally have to extend the time for two years! To go back to the report of the Karachi Chamber:

'The duty has fallen upon the producer, that is the cultivator and the herdsman, and the confusion caused by the export duty has probably cost them far more than the Customs have collected. The Honourable Member also laid great stress on the world demand for Indian hides and skins. These observations were of course based on pre-war conditions and we have to put forward the following points.'

Now Calcutta is some thousands of miles away from Karachi. We handle an entirely different sort of hides and skins, but there are many points of resemblance in our experiences. These facts are not produced in collaboration at all:

'The world demand is only for the highest grades, which in India form a small proportion of the whole. The lower grades are and always have been difficult to sell. The demand for Indian hides and skins is affected by several changes resulting from the war, namely, the use of substitutes for leather, the diminished purchasing power not only of enemy but of allied countries as shown by their exchanges and the unwillingness of the English tanners to handle the average hide and skin. The English tanners consider only the highest grades of Indian sorts are worth the present high cost of labour.'

The Honourable Member in introducing the Bill also observed:

'It is common knowledge that before the Indian hides trade was monopolised by the Germans.'

That was true only of Calcutta; it was utterly untrue of the Karachi trade, and it is impossible that the Germans should recover their monopoly at Calcutta as they have lost their shipping. The Germans had no monopoly of the skins trade anywhere.

The Chamber Report goes on to say :

'We have already mentioned in certain paragraphs the difficulty there is in marketing the lower grades. Yet under the system adopted, these goods have to pay the same export duty as the higher grades, thus adding to the natural difficulties of the case.

The collection of duty is a cumbersome affair involving much extra clerical labour, and is a genuine obstacle to business when prompt and immediate shipment is required, the bonds required for shipment to British ports are even more troublesome.

The idea of the duty as per (1) is to protect Indian industry. Great labour is expended on the fleshing, stretching and preparation of 'framed hides.' The essential difference between an ordinary and a framed hide lies in this labour. The higher export duty on the 'framed' is therefore a tax on the labour expended. It is in fact a higher tax on a partly manufactured article. But if an export duty is leviable, we admit a higher schedule value for framed hides is unavoidable.

India has no monopoly in the supply of goat and sheep skins. Under the duty it is an undoubted fact that she is finding the greatest difficulty to market her surplus production.

The bazar price for hides and skins necessarily has to cover the cost of their collection and transport. At the present prices ruling for the lower grades of hides and skins, there is no incentive for the country folk to collect and market these. The result is a distinct economic loss.

If the object of the export duty is to support Indian tanneries, it can only be by reducing to them the cost of their raw material.'

And there that Report seems to stop, though to the best of my recollection the original had :

'It would only be reducing to them the cost of their raw material at the expense of the producer.'

All that, of course, has been substantially admitted already. Sir, by Mr. Innes So I do ask the House to remember that this amendment is not against any form of protection. The House is undoubtedly protectionist,

I think. It amazed me, therefore, that they willingly taxed an Indian industry just now like the tea industry. It will amaze me more, therefore, if they want to go on and tax an Indian industry like this. But I want to appeal to another point, Sir, that I mentioned in my speech on the 8th of this month, that I do not think anybody quite took up. When Government interfere in this extraordinary way with an established business, they in fact attack a business that was the monopoly of the Muhammadans as far as the Punjab and Sind are concerned. I know many of these men, in the trade for many years, and the Muhammadans of the Punjab and Sind are not great adepts at business. This was one business that the Hindus let wholly to them, as you will understand. The interference with that trade has come very hard indeed on these men, and, I understand, that there are some other points more intimately connected with the drawback to these people that Mr. Chaudhuri Shahab-ud-Din wishes to explain as he knows them better than I do. I may say also that, as far as I remember, there are four European firms in Karachi connected with this trade and all the firms in Amritsar, Lahore, Multan, Sukkur, Hyderabad and in Karachi are of course Muhammadan Indian firms.

This is not a European question or anything of the sort. This is, if anything—if it is confined to any particular section of the community,—it is really a Muhammadan question, for it is undoubtedly their trade in my part of the country.

MR. C. A. INNES : Sir, the hour is late and I do not propose to detain the House very long. My position is very much the same as it was in respect of the export duty on tea. I should, in the first place, like to remind the House that when we introduced this export duty on hides and skins last year we did it with the trade behind us—in fact, at the instance of the trade....

MR. E. L. PRICE : What trade, Sir ?

MR. C. A. INNES : The Hides and Skins Shipper's Association, as the Association was then constituted, was in favour of an export duty on hides.* The Southern India Skin and Hide Merchant's Association was strongly in favour of an export duty of 20 per cent. *ad valorem*, and we had the Bengal Chamber of Commerce behind us. When we introduced the Bill into the Indian Legislative Council, it was welcomed on all sides. I am free to

*NOTE—See pages. 122-129.

mit, Sir, that when we introduced that Bill, we were probably a little too optimistic, but everybody else was too optimistic. We all thought that the war would be followed by a trade boom which would last at least for five years. We thought there would be a tremendous demand and great competition for our raw materials. We thought we should be able to dictate the terms on which that raw material should leave the country, and we put on this export duty, as Mr. Pickford said, not as a revenue producing measure, but partly for the purpose of fostering the tanning industry in this country and partly for keeping a key industry within the Empire. Now, Sir, whatever the merits or the demerits of export taxes may be, they, at any rate, have this disadvantage. If when you have an export duty upon a trade or an industry that industry drifts into a period of depression and stagnation, then Government is at once attacked for having put on an export duty. The export duty is accused of being the cause of all the troubles under which the trade is labouring. Now, Sir, in this particular case, as Mr. Pickford admitted, nobody is able to say or indeed has said that our export duty is the cause of the stagnation of the hides and skin trade. Everybody knows what that cause is. Owing to the collapse of the foreign exchanges, owing to the fact that Germany and Austria cannot buy, there is practically no outlet for our hides and skins. The tanning trade throughout the world is depressed. It is depressed in the United Kingdom, it is depressed in Europe, it is depressed in India. The result is there is no demand for our hides and skins, and that is the main reason why this industry is in a state of depression. But, Sir, it is just here that the danger of the export duty comes in. We have this depressed trade. Later on we may hope—probably towards the end of this year—that trade will begin to revive, and the point, the real point and substance which has been put to us by those interested in the hide trade in India, is that when trade begins to revive, it is just then that your export duty of 15 per cent. may do us harm. That is the main point which has been put before us. Well, we have considered this question. The position is precisely the same as it is in respect of the tea industry. We have got this export tax. We estimate that during the coming year it will bring in one crore of rupees. The trade has asked, and asked with a certain amount of reason, that the tax should be taken off. Well, if that tax is taken off, it means that we shall lose a crore which we have to make good in some other way. It is for the House to consider that if we take off this duty and give up that crore, we have got to find that crore somewhere else, and that is the position which I wish to place before the House.*

*NOTE.—It will be noticed that the only defence of the tax is the *Law of Necessity*. My readers may remember that vicious theory as propounded on 4th August 1914.—E. L. P.

RAO BAHADUR T. RANGACHARIA : Sir, I propose that the question be now put.

CHAUDHURI SHAHAB-UD-DIN : Sir, the question is an important one. It is rather too late now and I mean to address the House for about half an hour.

It is an important question, and touches the Muslim commercial community throughout India. I have received complaints and representations. Therefore, I would request the Chair to give me time to-morrow unless, of course, the House is prepared to sit now. I shall try to be brief...

THE HONOURABLE THE PRESIDENT : I may say for the Honourable Member's information that I did not accept the motion for closure moved on my left, because he had been specifically mentioned by name by the Honourable Member from Karachi. It is a well-known Parliamentary practice—that, when a member has been particularly mentioned by name by a previous speaker and that member rises to speak, he is called by the Chair. He has a kind of prescriptive—not an absolute—right owing to the mention of his name in debate. Otherwise I should have accepted the closure.

CHAUDHURI SHAHAB-UD-DIN : Sir, it was on the 11th September 1919, that the export duty of 15 per cent. was imposed on hides and skins. The reason which was then assigned by the Government, and I believe the reason which is yet maintained, is that tanning in India is to be encouraged, that the tanning industry has to be improved ; we are told that it is in our interests that this export duty was imposed and that it is in our interests that it has been continued. Let us see what are the facts, and whether the purpose which was in view of the Government has been achieved or whether it has failed. In reply to a question which was answered by the Government on the 1st of this month, Government stated as follows. I shall only read the relevant portions. The question was No. 340—'What quantity of raw and tanned hides and skins were exported in the 12 months preceding the 11th September 1919, when an export duty of 15 per cent. was imposed on raw skins and hides, and what quantity has been exported since then?' The reply was 'that during the 12 months preceding the imposition of export duty 32,960 tons of raw and 29,577 tons of tanned hides and 33,006 tons of raw and 5,033 tons of tanned skins were exported.' As against these figures let me quote the figures of exports during the year 1920. From January 1920 to the end of December 1920, the figures are :—Raw hides—24,952 tons, tanned hides 7,178 tons ; raw skins 16,186 tons and tanned skins 3,135 tons. A comparison of these figures clearly shows that the

export of raw hides and skins has gone down considerably; and that the export of tanned hides and skins, as compared with the figures for the 12 months preceding the imposition of the export duty, is ridiculously small as against 30,000 tons before we had only 7,000 tons of hides and as against 5,033 tons we had only 3,135 tons last year. These figures speak for themselves. Do they show that the tanning industry in India has received a stimulus by the imposition of this taxation, or that, on the other hand, it has received a set back? Sir, this much on facts. There are some other considerations, very weighty and important considerations bearing on the point. I would like to refer the House to the book called the Handbook of Commercial Information for India by C. W. E. Cotton, 1919 edition. A reference to this book will show that in 1917 when skins and hides were not needed on the Continent, an embargo was placed on the trade of Indian skins and hides. Those who deal in skins and hides not only suspect but believe and say, they have said so in newspapers, that they have been treated harshly. I have got cuttings from some newspapers to this effect, but as I did not expect this matter to come up to-day, I have not brought them with me. They say that as the market was over-flooded in Europe, the Indian interests were ignored and this customs duty of 15 per cent. was imposed upon the export of hides and skins. That is what they say. Of course, I do not do business in hides and skins. Therefore I cannot vouch for the accuracy or inaccuracy of this assertion, but the assertion is there. Now, this Handbook on page 207 says :—'Gradually, however, the capacity of the English tanners has been extended to deal with the increased supplies of raw hides from India.' On the one hand tanneries have been opened in England and their capacity has been extended. It has been increased,—for what purpose? For the purpose of tanning *Indian* hides and skins or the hides and skins of other countries. On the other hand, we are told that tanning in India is to be developed and that this taxation has been imposed accordingly. Sir, this duty, as was very rightly pointed out by Mr. Pickford, has ruined many a Moslem trader in India. Trade in hides and skins is perhaps the only trade in the hands of the Mussulmans of India, and it has received a rude shock and a severe blow by this taxation. Sir, it is said that when Indian skins were exported to the United States of America, they were sent back as chrome leather, very well tanned and fit for uppers of gentlemen's boots. It was intended that this should be stopped, and that India should tan her own skins for her own use. Does not the same argument apply to cotton? Why is it that cotton is not subjected to any export duty? Is not cotton wanted in India? Is it not a fact that the very cotton which is

exported from this country in enormous quantities, is returned to this country in the shape of fine manufactured goods ? Does not the same argument apply in the case of hides and skins ? Sir, I may tell the Assembly that all people, especially the Mussulmans, are suspicious, and I for one would say that they are fully justified in their suspicions.

The Honourable members of the Assembly, I hope, will agree with me that the climate of India is not so suitable for tanning as the cool climate of England, America or Germany. Tanned hides of India can never compete with the tanned hides and skins of the Continent or the United States of America. Therefore, however good the intentions of the Government may be in imposing an export duty with the object of developing and promoting the tanning industry of India, it is yet a question, whether Indian tanneries will ever be able to hold their own against the English, Continental and other foreign tanneries. Therefore, the argument advanced by Government has no force. Sir, one very important result of this taxation is that the price of hides and skins has fallen. With the fall in the price of hides and skins, the price of mutton and beef has gone up. Where we used to buy mutton at 4 or 6 annas a seer at Lahore, now we can get good mutton at Re. 1 a seer. If the skin *plus* mutton is worth Rs. 5, and if the skin sells for Re. 1 only the seller must try to get Rs. 4 out of the mutton. But if, on the other hand the price of the skin were Rs. 4, the price of mutton would naturally be Re. 1.....

THE HONOURABLE THE PRESIDENT : Order, order. I do not think we are considering anything but the outside of these animals.

CHAUDHURI SHAHAB-UD-DIN : It is, a notorious fact and within my personal experience, that when the price of skins was high, the price of mutton was low, and *vice versa*. There can be no two opinions on this point.

Then, Sir, those who are very anxious in this House to reduce cow-killing in India, must remember that if the price of mutton goes up every day those who eat meat must perforce resort to beef. Those who want to protect cows from being killed, must help the noble cause. It has been already alluded to by one of the speakers that had this duty not been imposed upon the export of hides and skins, their export value might have, to a certain extent, turned the balance of trade in favour of India and thus ameliorate the condition of exchange to some extent. These, Sir, are some of the considerations which I wished to place before this Honourable House.

I request the House to vote in favour of the abolition of this tax. When one community—one of the most important communities in India—is, as a body, suffering and many of its members have been ruined already and many others are on the brink of ruin, I think this House should take some notice of its grievance. They have sent memorials to Government, they have appealed to Government, they have requested their representatives in this Assembly to represent their case to Government, and it is in compliance with their wishes that I have said all I have said on this subject to-day. As I said at the outset this is a very important matter and I am very sorry that my Mussulman colleagues who were present in the morning*, are not now present to give me their support. But I hope that my Indian as well as my European colleagues will lend their support to Mr. Pickford's amendment and get this objectionable tax removed.

THE HONOURABLE THE PRESIDENT : The question is :

'That to clause 2 the following new sub-clause be added :

'(3) With effect from the 1st day of April 1921, in the Third Schedule to the Indian Tariff Act, 1894, the third entry relating to 'Raw Hides and Skins' shall be omitted, and entries 4 and 5 shall be renumbered 3 and 4 respectively.'

The motion was negatived.

•NOTE.—The day was a Friday.

NOTE.—With regard to Mr. C. A. Innes, claim (page 116) that the old Government had the Trade behind them when in September, 1919, they introduced the Preferential Export Duty on Raw Hides and Skins, I put in following letters from the Calcutta Hides and Skins Shippers' Association, and my reply, also a Mohammedan protest.

CALCUTTA HIDES & SKINS SHIPPER'S ASSOCIATION.

No. 79-H.S.

ROYAL EXCHANGE:

To

Calcutta, 7th May 1921.

E. L. PRICE, ESQ., M.L.A.,

KARACHI.

DEAR SIR,

THE EXPORT DUTY ON HIDES AND SKINS.

At a special general meeting of the members of this Association held on 29th April, I was instructed to convey to you an expression of the hearty thanks of the Calcutta shippers of hides for the efforts made by you, in the Indian Legislative Assembly, to secure the removal of the duty. It is a matter of great regret to the Association that these efforts were unsuccessful, but at the same time they recognize the material assistance you have given them, and they trust that, when the proposal next comes before the Assembly, the result will be more satisfactory.

2. I am to attach for your information a copy of a letter No. 77 H.S., dated 7th May 1921, which the Committee have addressed to the Government of India on the subject of the export duty. This communication will make clear to you the attitude taken up by the Association in the matter. The telegraphic protest referred to in paragraph 3 of the letter was dated 23rd August 1919, and was addressed to the Department of Commerce : it was in the following terms :—

“ 44. Following resolution adopted at special general meeting of the Calcutta Hides and Skins Shipper's Association held 22nd begins : That this Association whilst upholding the principles of supporting British and Indian Tanneries is of

opinion that this should not be done at the expense of the Indian raw hides trade which the Association believed will be the ultimate result if the export duty on raw hides and skins is imposed. This Association wished to emphasise the fact that when the recommendation was first supported by the Association the members of the Association were not representative of the bulk of the trade which the Association now claims itself to be. This Association strenuously opposes the proposed imposition of an export duty but supports clauses 1 and 2 of the resolution referred to in paragraph 6 of letter No. 2 H.S., dated 14th January 1919, addressed by Association to you substituting approved for British ends. A formal representation is being forwarded and Government is requested to withhold further action in the meantime."

Yours faithfully,

(Sd. H. M. HAYWOOD,
Secretary.

Enclosure:—As specified.

CALCUTTA HIDES AND SKINS SHIPPER'S ASSOCIATION.

ROYAL EXCHANGE,

Calcutta, 7th May 1921

No. 77-H.S.

FROM

THE SECRETARY,

Calcutta Hides and Skins Shipper's Association.

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Department of Commerce.

SIR,

I am directed to acknowledge receipt of your letter, No. 3284, dated 125th April 1921, with reference to the export duty on hides and skins.

2. It is, to the members of this Association, a matter of much regret that the Government of India were unable to see their way to propose to the Legislative Assembly that the duty should be repealed. They of course recognize that, as you suggest, the Fiscal Commission will afford them an opportunity of again raising the question. But even if they can convince the Commission that the duty should be withdrawn, and the Government accept the finding of the Commission, it will be a very long time before the necessary legislative action can be taken. Meanwhile the position of the trade is steadily going from bad to worse. Indeed it may be safely affirmed that, so far as hides are concerned, the trade has never been in so grave a state as it is to-day. And it is feared that before the duty is abolished, most of the firms of allied nationality who are now in the hides business will have been forced to withdraw from it. For not only have they to contend with the difficulties created by the duty but, as you will have observed from my No. 71 H.S., dated 7th May, determined efforts are now being made by German manufacturers, to re-establish their pre-war control of shipments from Calcutta to Germany.

3. In connection with the debate in the Legislative Assembly I am to invite attention to the following remark which was made by Mr. C. A. Innes:—" I should in the first place" he said " like to remind the house that when we introduced the export duty on hides and skins last year we did it with the trade behind us—in fact at the instance of the trade."

" Mr. E. L. Price : What trade Sir ?

" Mr. Innes : The Hides and Skins Shipper's, Association, as the Association is now constituted, was in favour of an export duty." The members of this Association gladly acknowledge the sympathetic manner in which Mr. Innes referred to the case for the withdrawal of the duty ; and they hesitate to criticise his statements. But they feel that they ought to make it clear that the particular statement which I have quoted is not strictly accurate. The facts are, briefly, that in a letter dated 14th January 1919, the Association, as it was then constituted, urged the Government of India to impose an export duty. But when, in August of that year, the proposal was actually under consideration by Government a large majority of the members of the Association as it was then constituted—its membership having been materially enlarged in the meantime—strongly objected, and telegraphed a vigorous protest to the Department of Commerce. This list of members in January and in August 1919, was as follows :—

January.

- | | |
|--|---------------------------------|
| 1. Messrs. Graham & Co. | 5. Messrs. M. Arakie & Co. |
| 2. Messrs. Gladstone Wyllie & Co. | 6. Messrs. M. M. Isphani & Sons |
| 3. Messrs. Walker & Co. | 7. Messrs. Bird & Co. |
| 4. Messrs. David Sassoon & Co. Ltd. | Messrs. A. H. Wheeler & Co. |
| 9. Messrs. Allen Bros. & Co. (India), Ltd. | |

August.

- | | |
|---|---|
| 10. Messrs. A. Forbes & Co. | 16. Messrs. Mogi [*] & Co. |
| 11. Messrs. Charles Booth & Co.
(Calcutta), Ltd. | 17. Messrs. Mitsui Bussan Kaisha,
Ltd. |
| 12. Messrs. Enrico N. Stein. | 18. Mr. K. L. Mohamed. |
| 13. Messrs. C. J. Mathews & Co. | 19. Messrs. Grace Brothers (India),
Ltd. |
| 14. Messrs. Burke Brothers. | |
| 15. Mr. Hafiz Md. Halim. | 20. Messrs. Grandage Moir & Co., Ltd. |

4. As I have indicated, the Association refers to the point now not with the object of criticising but merely to place on record the fact that, as soon as it became a body fully representative of the trade, it took up an attitude strongly antagonistic to the imposition of a duty. That attitude which was defined clearly to the Government of India at the time, it has ever since maintained. And those few shippers who supported the duty in January 1919, and who were in the minority in August of that year are now firmly convinced that the duty ought to be removed.

I have the honour to be,

Sir,

Your most obedient servant,
(Sd. H. M. HAYWOOD.)
Secretary.

Karachi, 14th May 1921.

To

THE SECRETARY,

The Calcutta Hides and Skins Shipper's Association,

CALCUTTA.

DEAR SIR,

EXPORT DUTY.

Your letter No. 79 H. S. of the 7th instant with enclosure to hand, for which many thanks.

2. I have submitted copies to various Trades bodies in this constituency which are interested.

3. The nett result of the Debate was that Government declined to discuss the subject on its merits, and simply said they had budgetted to get 100 lakhs out of this duty, and *must have the money!* They, in fact, pleaded the so-called "law of necessity," a vicious theory which may be used to justify anything.

4. I trust you will keep in view the important fact that export duties are far more severe on the producers (who are many) than on the shippers (who are few).

5. The final word in this matter of course rests not with the Government but with the reformed Legislature.

To get justice you must keep your case before the public, the electors in and out of season.

I suggest, therefore, you send to the Press all this and similar correspondence.

Such action is the more necessary because the Agrarian interests of the country are being attacked in many other directions besides their Hide and Skin production, by all round Legislative attempts to prohibit and hamper the marketing of their products.

Yours faithfully,

E. L. PRICE,

M.L.A.

Karachi, 23rd May 1921.

To

The Secretary to Government,

Department of Commerce and Industry,

Government of India,

SIMLA.

SIR,

We, the undersigned dealers and shippers of Hides and Skins, working in Sind and the Punjab, have the honour to say that we desire to record our support of the Calcutta Hides and Skins Shipper's Association.

We wholly endorse the terms of the Calcutta letter No. 77 H. S., dated 7th May 1921.

We also desire to record that the speeches of Mr. E. L. Price, M.L.A. and Mr. Chowdri Shahab-ud-Din, M.L.A. made in the Assembly on 18th March last accurately represent the feelings of Sind and the Punjab on the necessity of cancelling the Export Duty at the earliest possible moment.

We have the honour to be,

Sir,

Your most obedient servants,

1. Khansahib Alijah Alidina Alimahomed, 1st Class Honorary Magistrate, Karachi.
2. Alijah Bandalli Kassim, Honorary Magistrate, Karachi.
3. Muki Rahuimtulla Lutfalli, Karachi.
4. Fuddoo Peroo Khalikdina, Karachi.
5. Sabzalli Ramzanalli, Karachi.
6. Shaban Mohib, Karachi.
7. Ahmeddin Illahibux, Lahore.
8. Sudderdin Mohamed Sidik, Lahore.
9. Amerdin Dostmohamed, Lahore.
10. Muneerdin & Co., Lahore.
11. Amerdin Alladitta, Lahore.
12. Sheikh Khudabux, Lahore.
13. H. Abdul Rahman Karamillahi, Lahore.
14. Haji Mohamed Varas M. Ismail, Lahore.
15. Nizamdin M. Sharif Nabibux, Lahore.
16. Chakhdin Gulamhussain, Lahore.
17. Khizir Hyat Sodagardin, Lahore.
18. Fazaldin Mohamed Sayed, Lahore.

19. Pirmahomed Mohamedan, Lahore.
20. H. Pirmohamed & Sons, Amritsar.
21. H. Pirmahomed Sadrudin, Amritsar.
22. H. Noor Hussain M. Ismail, Amritsar.
23. Charakdin M. Ismail, Amritsar.
24. Mohamed Sharif A. Rahman, Amritsar.
25. Mohamed Hasan Allabux, Amritsar.
26. Haji Kadarbux Molabux, Amritsar.
27. Allajirea Dostmohamed, Amritsar.
28. Shamasdin Meherbux, Amritsar.
29. H. Gulamhusen Khudabux, Amritsar.
30. H. Gulamhusen Noormahomed, Amritsar.
31. S. Buda Dostmohamed, Amritsar.
32. S. Allibux Inayutulla, Amritsar.
33. Fatehmahomed D'mohamed, Amritsar.
34. Nizamdin M. Sharif, Amritsar.
35. Jhindas Khanmahomedbux, Amritsar.
36. S. Budha Allimahomed, Amritsar.
37. Mukhi Jamadin Inayutulla, Amritsar.
38. Haji Gulsher Makamdin, Sukkur.
39. Fazulkarim M. Syed, Sukkur.
40. Fazuldin Mohameddin, Sukkur.
41. Allahbux Nabibux, Sukkur.
42. Haji Sultan M. Omerdin, Sukkur.
43. Haji Goolsher Charakdin, Sukkur.
44. Fazul Illahi, Sukkur.

45. Abdul Majid M. Amin, Sukkur.
46. Mohamed Sharif A. Rehman, Sukkur.
47. Mohamed Ismail M. Ashrif, Sukkur.
48. Jooma Subzalli, Sukkur.
49. Karim Bundalli, Hyderabad.
50. Hood Shalloo, Karachi.
51. Makomedalli Bhaloo, Karachi.
52. Piroo Jiand, Hyderabad.
53. Khoja Ismailia Trading Co., Karachi.

Note.—Copy kindly supplied to me by Mr. Fuddoo Peroo Khalikdina.

E. L. P.

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IMPORT DUTIES AND EXCISE.

"With an import tax it can always be said that it eventually comes down upon the consumer." (*Vide* Legislative Assembly Debates, page 1303).

"As an importer, I shall see that the added duty passes on to my consumers, to whom I consider it is really addressed." (*Vide* Legislative Assembly Debates, page 673).

"Again take cloth. You say you are forced to raise the duty on the clothing of the millions of India, and, if you say that Manchester goods of the finer sorts will not so much affect the masses, I shall again have to say that behind the new tariff wall that you are raising, the indigenous products will rise in price. The extra income-tax, the higher super-tax that you try to impose on the mill-owners, behind that tariff wall will be easily passed on to the consumer, and the tax will undoubtedly affect the masses." (*Vide* Legislative Assembly Debates page 1334.)

INVESTIGATIONS AND REPORTS

THE following reports were prepared by the various committees and sub-committees of the Board of Directors, and are hereby submitted to the stockholders for their consideration.

1901-1902

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3rd March 1921.

RESOLUTION *RE* : REMOVAL OF EXCISE AND CUSTOMS DUTY.

The HONOURABLE MR. SETHNA : Sir, I beg to move the Resolution which stands in my name and which runs as follows :—

' This Council recommends to the Governor-General in Council that the excise and customs duty of six annas per gallon on motor spirit which is being levied since March 1917, be now removed,

In March 1917, on behalf of the Government, the Honourable Sir George Barnes brought forward a Bill before the Imperial Council, the object of which was to levy a duty both excise and customs on every gallon of motor spirit consumed in the country. In introducing the Bill the Honourable Mover explained, and explained in very emphatic terms, that there was no desire on the part of Government thereby to raise revenue, but that the sole object was to introduce the measure as a war necessity — a war necessity in the sense that because petrol was arriving in smaller quantities there was not enough for military requirements and it was necessary for Government to control the supply available for the military and consequently for purposes of the war. The Honourable Mover further explained that he had a precedent to go upon in regard to what he proposed to do in the fact that the Home Government were also levying a duty of 6 pence per gallon on motor spirit imported in the United Kingdom. He added further that in the United Kingdom in addition to the duty of 6 pence per gallon they also rationed the supply of every individual consumer of motor spirit. He explained, however, that, so far as India was concerned, he would be content with just a levy of 6 annas per gallon, and would not ask for rationing the supply of consumers for the good reason that it would involve a very large administrative machinery for collection, and that further, if there was rationing in India, it would bring in its train both evasion and friction. After this explanation and the assurance that it was purely a war measure, the Honourable Mover requested the House to support the Bill ungrudgingly. The Council gave a ready response and the Bill passed its three stages on the very day on which it was presented. There was hardly any discussion on the subject : the only other speaker who followed the Honourable Sir George Barnes was the Honourable Mr. Bhupendranath Basu, and his speech was more in the nature of a question. He pointed out that, prior to the war, the price of a tin of two gallons of petrol was Rs. 1-12, but since the war it had risen to Rs. 2-12 and he inquired if the duty now proposed would raise the price per tin of two gallons to Rs. 3-8, to which of course the Honourable Member replied in the affirmative.

Now, Sir, Honourable Members in this Council are aware that it was hardly ever the practice of the Imperial Council to allow any Bill, and particularly any Bill which had anything to do with increased taxation, to pass unchallenged. But this Council will also admit that it was the practice of the same Imperial Council during the strenuous years of the war to extend every possible help to Government in passing, and in passing unanimously, any measure which was conducive to the successful termination of the war. This accounts, Sir, for the Bill having been passed without any change. If there was anything in the speech of the Honourable Mover or in the wording of the Bill which might have given any indication that after the war was over this duty would be continued, in any shape or form, I for one am confident that that Council would not have allowed the Bill to be passed without proper reservations. No reservations were made and the Bill was allowed to pass because of the emphatic assurance of the Honourable Sir George Barnes that it was absolutely a war necessity.

The war has been over for two years. Government have neither repealed the duty nor have they given any indication as to when, if at all, they propose so to do. The only inference the public can draw from this attitude of Government, is that the revenue yielded is so fat and tempting that the Government are now chary and very unwilling to give up a source of revenue which has come to them as a windfall. But Government have received no more than what they expected. The Honourable Sir George Barnes explained that in 1915 there was consumed in this country $4\frac{1}{2}$ million gallons of petrol and he expected that in 1917, namely in the year in which the Bill was moved, the consumption would be 7 million gallons, of which at the rate of 6 annas, the duty would amount to $26\frac{1}{4}$ lakhs of rupees. Now, Sir, the consumption of course has naturally gone up as might be expected in a progressive country like India, and I am obliged to the Finance Department for the figures they have furnished me with. According to the same, the excise duty on petrol in the year 1917-18 was $23\frac{1}{2}$ lakhs in 1918, $34\frac{1}{8}$ lakhs, and in 1920, $41\frac{1}{2}$ lakhs. I leave out or count the duty derived from customs because it is a negligible quantity inasmuch as the bulk of our petrol supply comes from Burma on which excise is charged.

I quite realize that I shall be taken to task, and perhaps taken to task severely, for my audacity in bringing forward my Resolution even two days after the Honourable Mr. Hailey has presented his Budget estimates for the year 1921-22 showing a deficit of $18\frac{1}{2}$ crores of rupees. I admit

that Government needs all the revenue it can possibly get. But my point is that here is a duty which was charged at a time when it was needed for a particular purpose. Government knew that they had to withdraw it. Government might have withdrawn it before our Budget estimates showed a deficit a year ago, and yet Government did nothing of the kind. The public had a right to expect that this duty would have been withdrawn immediately after the cessation of hostilities, and the more so as this duty has been recognized to be very irksome. Sir, that is not my description of this duty. It was the Honourable Member himself who in his opening speech so labelled it, and I hope, therefore, the Government will recognize the necessity of removing it.

Motor cars and motor lorries are fast substituting horse and bullock traction all over the country. It is fortunate that it is so. But in the larger cities, in addition to helping the people to carry on their work more expeditiously, they contribute in a measure to improve the sanitation of those cities by the fact that a larger number of motor cars and motor lorries bring about a diminution in the horses and cattle stubble, and consequently the roads are kept cleaner. We are living, Sir, in an age of competition, when one has to go through as much work as possible in as short a time as possible, and for this reason the motor car is no longer a matter of luxury but a matter of necessity to a business man. A business man does on an average about 25 to 30 miles a day and he consumes about 2 gallons of petrol on which the duty is 12 annas, and the duty per mensem amounts to as much as Rs. 20 to Rs. 25 to Government, which at a time when the cost of living has gone up so high, is indeed a burden and a hardship to motor car owners, particularly so because it is a direct tax. It is not the individual alone who is affected. Take the case of smaller industries, those industries which require for their use motor spirit. In his very able Budget speech the Honourable Mr. Hailey only two days ago observed that the trade boom has passed away with uncanny rapidity and it has left behind it a trough of depression of which it is possible we have not yet seen the worst. This applies equally to large as well as small industries, and I think it is the bounden duty of the Government to promote and further the success of these small industries. The continuance of this duty will, in my opinion, cripple the smaller industries to a very great extent. Government are providing ways and means to meet a deficit of as much as 18½ crores. It is certain that Government, if they so will it, can also arrange for the levying of a further 40 to 50 lakhs from other sources than a duty on petrol. If they do this, they will thereby

redeem a solemn pledge and not break faith with the public, but the public will be rid of a duty which is all the more irksome because it is a direct tax.

The HONOURABLE MR. E. M. COOK : Sir, if I rise so early in this debate it is because, I think, that I may be able materially to shorten the discussion. I think that in moving this Resolution my Honourable friend must have the sympathy of the Council, not indeed on the merits of the Resolution, which are extremely slender, but because of the circumstances in which he has brought forward his motion. If it had come up on the day for which he obtained a place for it in the ballot on the first occasion, *i.e.*, before the presentation of the Budget, he would have had an easier task. For, in that case, he would, with his considerable forensic skill, have been able to make out a fairly plausible—I do not say at all convincing—case for the acceptance of his Resolution. As it is, he is confronted with a position of considerable difficulty, in the shape of a very large gap between the expenditure and the revenue of this country, which has, by some means or other to be filled up. He has, therefore, it seems to me, Sir, been thrown back on an attempt to expose the methods by which an unscrupulous Government—he did not use the word ‘unscrupulous,’ he is much too polite—the methods adopted by an unscrupulous Government to find money at the expense of the payers of this particular tax. In short, not to put too fine a point on it, and to put the matter somewhat bluntly, the proposition that he has put before the Council is this :—Once an item of revenue has disappeared down the voracious maw of the Finance Department, then, it does not matter what promises were made—it is perfectly hopeless to endeavour to get the monster to regurgitate it. Sir, I think I can give a very simple answer to this accusation. My Honourable friend said that this taxation was imposed for certain specific administrative reasons arising out of the war. I quite agree. He then went on to point out that those administrative reasons have now disappeared. I entirely agree. My answer is that, if the reasons for which the tax was imposed in 1917 have disappeared, so also has the tax. The tax which is now being levied is not the same tax that was imposed in 1917. The fact which my Honourable friend has overlooked in his researches into the matter is that, when those administrative reasons disappeared, the Government considered, and the Legislative Council also considered, whether the tax should then expire, or whether it should be reimposed, not as a war measure, but as a definitely revenue-producing measure. The result of that deliberation was the Act of 1919, which my Honourable friend has not mentioned. I think I need only read from the

Statement of Objects and Reasons. 'The tax, though it originated in administrative necessities, has become a useful source of revenue, and the Government of India consider that it cannot conveniently be rescinded at a time when it is necessary, to impose additional taxation. Signed J. S. Meston, 5th February 1919. I find by reference to the Legislative Council Proceedings that this came up on two occasions for debate. Not a word was said against it ; not a voice was raised against the reimposition of this tax as a revenue-producing measure. I submit that it is rather too late now to come up, two years afterwards, and say that this ought not to have been done, or to ask this Council to pass a vote of censure upon the doings of the Old Imperial Legislative Council. I must decline, therefore, Sir, and I hope this Council will also decline, to assist in the exhumation of the body of this war measure, which died and was buried with all fitting solemnity two years ago here in this very place.

I think, however, we might be a little generous to my Honourable friend, in view of the courage with which he has brought forward his Resolution. Let us endeavour to stretch our imaginations. Let us suppose that, instead of being empty, our coffers were full, that there was a surplus, and therefore a case for remitting taxation. Would this Council then agree that the users of motor spirit should have the first claim upon any remission of taxation ? I have heard of other taxes which are paid by other classes of the community, not so well-off and not so easily able to bear taxation. I have heard of the export tax on tea, regarding which there is considerable feeling, I believe. I have also heard of the export tax on hides, which is now alleged to be ringing the death knell of that industry. I have also heard of a large number of other taxes. Therefore, I think, if it is a question of remitting taxation to the extent of something like half a crore a year, this Council would be extremely well-advised to consider what other objects it could devote that half a crore to. But, as I have said, that is all completely academic, and I submit, Sir, that my Honourable friend has not made out a case, either that there has been a breach of our promises, or for a remission of taxation in the way that he suggests.

The HONOURABLE MR. W. G. KALE.—I rise, Sir, to oppose the Resolution. After the remarks which have fallen from the Honourable Mr. Cook, it is really superfluous on my part to add any arguments of my own to show the unreasonableness of the proposal of my Honourable friend Mr. Sethna.

His first argument was that this tax was a war necessity and that it was imposed as a war measure. But we know that many war necessities have the awkward knack of sticking on even in peaceful times. There are many taxes which were imposed in critical times, but have had to be continued on the ground that they were absolutely necessary. Take the case of the salt tax. The salt tax was enhanced as an extraordinary measure, but it has not been found possible for Government to remit or to reduce that tax. In reducing or remitting a tax altogether, one important matter has to be taken into consideration, and it is this. What is the kind and nature of the tax which it is sought to remit? Here is a tax upon petrol, and my Honourable friend has drawn a very piteous picture of the motor-car owner who has to pay such a large additional amount a Rs. 25 a month on account of the increased cost of petrol. In the new Budget which has been placed before us, various new taxes have been imposed upon all classes of the community, upon the middle classes, upon the lower classes, and upon the humble classes; and all of them have to suffer more or less from an extra burden of taxation. And here is a proposal for relieving the motor-car owners from the alleged onerous burden of the tax which falls upon them.

Another remark of my Honourable friend was that some other source of taxation may be found to take the place of the petrol duty. The Honourable Finance Member has exhausted almost all sources of taxation, and he has distributed his taxes in such a way that not a class of the community has escaped scot-free. Under these circumstances, it would be very difficult to find out an altogether new source of taxation at all, and my Honourable friend has not pointed out what that source should be. I am afraid that the proposals of the Honourable Finance Member will have to be scrutinized, and we may have to ask him to give up some of his proposals in order to give relief to the humbler classes of the community. We cannot, therefore, afford to lose this existing source of revenue. I am not at all impressed by the argument of the violation of a pledge. I do not think myself that there was a pledge given. It was a tax which was necessitated by extraordinary circumstances. Are not the extraordinary circumstances continuing to-day? We are told that the war has ended. Has the war ended from the point of view of economic and social conditions which have supervened after the close of the hostilities? So far as the consequences of the war are concerned, we may say that the war is going on even to-day, and consequently, the war measures have had to be continued. There are a number of war measures—extraordinary measures that were taken in war times—which have been, therefore, con-

tinued. I do not, therefore, think that this Council should recommend to the Government that this source of revenue should be abandoned, especially on account of the fact that the burden of new taxation will fall upon the lower classes of the community, and this is not the time when the motor-car owners, the richer people in the country, should be relieved of the so-called burden with which they are oppressed. With these few words I oppose the Resolution.

The HONOURABLE LALA SUKHBIR SINHA : I move that the question be now put.

The motion was adopted.

The HONOURABLE THE PRESIDENT : The question is that the Resolution, which runs as follows :—

‘ This Council recommends to the Governor-General in Council that the excise and customs duty of six annas per gallon on motor spirit which is being levied since March 1917, be now removed.’

be accepted.

The motion was negatived.

LEGISLATIVE ASSEMBLY.

1st March 1921.

FISCAL COMMISSION.

QUESTION.

MR. JAMNADAS DWARKADAS : (a) Are the Government in a position to say whether, in accordance with the recommendations of the Committee of the Indian Legislative Council, they propose to appoint a Fiscal Commission ?

(b) If so, what are the terms of reference to the Commission ?

(c) If the question of the adhesion of India to any scheme of Imperial Preference is included in the terms of reference, can the Government give any assurance, that no decision will be taken as to Imperial Preference until the Commission has submitted its Report and it has been discussed in the Legislative Assembly ?

ANSWER.

MR. C. A. INNES : With the approval of His Majesty's Secretary of State for India, the Government of India have decided to appoint a Fiscal Commission with the following terms of reference, ‘ to examine with reference to all the interests concerned the Tariff policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations.’

The Government of India desire to take advantage of the Honourable Member's reference to the question of Imperial Preference to make their own attitude in regard to this subject clear. In the event of some scheme of Imperial Preference being found consistent with India's interests, the Government of India hope that India will not stand aloof from such a scheme, so that India's solicitude for the solidarity of the Empire may be established. But they propose to take no decision until the question has been examined by the Commission. If, on the Report of that Commission, the principle is accepted, the principle can be given effect to only by legislation, and it will be for this Assembly to decide whether that legislation should be passed or not.

MR. JAMNADAS DWARKADAS: May I put a supplementary question, Sir? Is the Honourable Member in a position to give us the approximate date of the appointment of the Commission?

MR. C. A. INNES: We hope that we shall be able to get the Commission started early next cold weather.

LEGISLATIVE ASSEMBLY. EXTRACTS FROM GENERAL BUDGET DISCUSSION.

7th 8th March 1921.

RAI J. N. MAJUMDAR BAHADUR: The increase of duty on sugar, matches, tobacco, wines and liquors are some silver linings of this dark and ominous Budget, which imposes fresh burdens on the taxpayer by increasing the postal rates on cards, letters and newspapers as if the existing repressive laws are not enough for their suppression.

I quite appreciate the tenderness of my Honourable friend in not raising the existing cotton excise of $3\frac{1}{2}$ per cent., but it is liable to be misinterpreted. India is poor, England rich, hundred times richer than India; and it could be easily explained, as was done previously, that the war, for which we were not responsible, has brought on us financial difficulties, and that the increase is to be considered as only a revenue measure. Great Britain still remembers what the Indian soldiers did in France 'and saved the cause of the Allies and civilization,' to quote Lord Curzon, 'after the sanguinary tumults of the opening weeks of the war' it still remembers our sacrifice in men and money, and the Honourable the Finance Minister might not have shown anxiety for trade distress and unemployment in Great Britain, for they can well take care of themselves forgetting poor India which has to maintain the most costly civil and military services in the world.....

India is now essentially an agricultural country, though it was not so before the advent of the English here. It was sugar, cotton, silk, indigo

and other industries that brought the Europeans here. Sugar was first manufactured in India, and the word has been derived from the Sanskrit *sarkara*, from which comes the Latin *sachurus*.

It is now admitted by all eminent economists that a purely agricultural country can never flourish. It must have industries as well.

Does the Budget hold out any prospect of improving any of our industries? I come from a part of the country which was once famous for its sugar and cotton and silk industries. They have all disappeared, as if by the touch of a magician's wand. Our weavers and our sugar men, Hindu and Muhammadan, have been compelled to take to the plough. You cannot imagine a more deplorable state of things. If Java, Mauritius, Fiji lands can grow sugar for the world, what prevents us from doing the same?

MR. R. A. SPENCE : Railways are of vital importance to the country and their earnings should be devoted in the first instance to working expenses, in the second to the replacement of wear and tear, in the third to some measure of reserve for the future and only that portion of the earnings should find its way to the coffers of Government as the Capital Owner, as would ordinarily find its way in the form of a dividend into the pockets of the shareholders of a company. You cannot starve the Railways and feed the country.

It is idle to load upon a Budget, already crushingly heavy, new burdens such as I have suggested without some constructive suggestion as to how they might be borne. May I, therefore, offer a few words of criticism on the proposed new taxation. I approve definitely the proposed additions to the Customs Revenue in principle, but I doubt if the addition proposed to general import duties will in effect yield what is expected and I consider the increase should be from $7\frac{1}{2}$ to $12\frac{1}{2}$ in place of 11 and this will add to the revenue a further $1\frac{1}{2}$ crores, if the Honourable Member's anticipations are correct. Any measure, which for the moment checks the influx of imports and allows our trade to resume its former balance, will be of advantage to the country at the present stage. On the remaining duties I have little to say. As an importer of liquor, I shall see that the added duty passes on to my consumers, to whom I consider it is really addressed. With the tax upon luxuries imported, I am in sympathy, save that I think that if the Honourable Member passed his monsoons where I habitually do, he would consider an umbrella a necessity and not a luxury. The duty on imported sugar should serve to strengthen a growing agricultural interest of this country.....

KHAN BAHADUR SARFARAZ HUSSAIN KHAN : Sir, the duty on cotton manufacture will no doubt increase the price of cloth. The poor people chiefly have already been hard hit by the existing price of cloth. They have always had this grievance, and if further taxation is put on them, the price of cloth instead of being reduced will be increased, and not only will they be disappointed but will be seriously affected.

CHAUDHURI SHAHAB-UD-DIN : As regards the proposed taxation, Sir, I proceed to say at once that if the customs duty is to be increased above $7\frac{1}{2}$ per cent., it should be increased not to 11 but to $12\frac{1}{2}$ per cent.—with only this reservation, that we should not tax umbrellas, or should tax only silk umbrellas. An umbrella is a necessity, whereas a silk umbrella is a luxury, and it is luxuries which should be taxed and not necessities.

MR. NARAINDAS GIRDHARDAS : As for the increase in customs tariff, I believe the country welcomes this step, though it was come to, as the Finance Member puts it, 'with the sole object of producing additional revenue and with no ulterior motive of a protective or any kind.' Sir, while on this subject, it will not be out of place if I give expression to my opinion on the announcement made by Mr. Montagu, in the House of Commons, 3 or 4 days back, in reply to Sir John Randles that a commission would be appointed to examine, with reference to all the interests concerned, the future fiscal policy of the Government of India, including the desirability of adopting the principle of Imperial Preference. It is a long-cherished dream of India that she should be given complete freedom to determine her own fiscal policy. While welcoming this announcement, I would like to point out that it would be an egregious blunder if the Secretary of State proposes to tie down the hands of the committee to devise ways and means of adopting a policy of Imperial Preference. Not that I, for a moment, forget the claims of the Senior Partner of the Empire, but the fact should be borne in mind that India is merely a producing and industrially an undeveloped country. The volume of educated Indian commercial opinion which has been ignored all along is that her industrial advancement should be fostered by a judicious system of protection. I say that any step that we take must primarily view the question from the Indian standpoint and *such* a policy should be adopted as would suit the special circumstances and needs of India. In my opinion, it is essential that in the commission to be constituted, the Indian element should predominate, especially Indian industrial and mercantile interests.

LIEUT.-CONOLEL H. GIDNEY : The Honourable Finance Member in his speech expressed satisfaction that the signs pointed to lower price levels, but *my* experience of the past few days is that the shopkeepers are of a different mind and these, Sir, are the shopkeepers who supply the community I have the honour to represent with their necessary articles of existence. The shopkeepers tell me that the cause is the new import duties and I am afraid I must believe them. Sir, speaking on behalf of my community and of the less opulent Europeans living in this country, I say, without fear of contradiction, that the increased import duties will provide another excuse to the middleman to profiteer, and will make the lot of these people still more intolerable than the war has already made it. Indirect taxation falls on the consumer with double force, and rather than see this I would have welcomed a wholesale revision in direct taxation, even though some of the burden had fallen on the lower incomes. This increase in the cost of living is bound to react on the Government itself. The Government has spent, so I understand, large sums of money in the past two years on making revisions of pay. From the murmurs I hear wherever I go I have got a feeling, that considering the sum involved, the Government have not spent even this money wisely.

It is the members of my community, those who live on small salaries and who depend, to a large extent, on overseas supplies, who are hardest hit by high prices, and who are likely, as far as I can see, to be most affected by the new import duties. Most of them are already living on the barest minimum and the consequence of the still higher prices will be an inevitable demand for higher wages and most of these people are employees of the Government. They are the backbone of our Railway and our Posts and Telegraph Departments, for which, as the Honourable Finance Member himself admits, the Government keeps its accounts in such a form that it cannot tell whether they are run at a loss or a profit. If the prices of the necessities of life for these people are now to be increased, they will ask for higher wages, and frankly I cannot see how the Government will be able to resist such a demand.

RAJA SIVANANDAN PRASAD SING : With regard to the increase in the *ad valorem* duty on certain imports, I am in hearty agreement with the Finance Member and I congratulate him on the measures he has adopted for the protection of Indian interests. The rise in the import duty will afford protection to Indian industries and articles manufactured in India and a duty of 11 per cent. on foreign

goods will enable the textile industry of India to compete with Japanese goods which once flooded the Indian market.*

MR. N. C. SIRCAR : An import duty is really beneficial to the country's industry in so far as the import of articles which are manufactured here is concerned. As a coal man I would welcome a prohibitive import duty on coal from foreign countries, and my friends from Bombay, the millowners will hail a duty on piece-goods. But it will fall very heavily upon consumers who are the men who actually pay for it, and thus import duty on the articles in general use by the poorer classes and middle-class men will be a great burden on them.

MR. J. P. COTELINGAM : My last remark, Sir, will be with reference to the new taxes which are proposed to be levied. I have no objection to the levy of a tax of 12 annas per gross on match boxes if that will result in the manufacture of matches in our country. I hope that will result in the development of local industries and enable the country to produce or manufacture the matches that we require.†

MR. S. C. SHAHANI : Of the proposed new taxation, while I would welcome the increase of the general *ad valorem* duty of $7\frac{1}{2}$ per cent. to $12\frac{1}{2}$ per cent. as suggested by my Honourable friend, Mr. Spence, I would not, in the interests of India's industrial development, withdraw the concession allowed by the existing tariff by which machinery and stores imported for use in a cotton spinning or weaving mill are admitted free of import duty. I hate the levy on matches of a specific import duty of 12 annas per gross boxes in place of the present *ad valorem* duty of $7\frac{1}{2}$ per cent. This rate would in practice work out to at least three pies per box of matches and affect the poor injuriously. The increase of duties on imported liquors and manufactured tobacco or the raising of the general *ad valorem* duty of $7\frac{1}{2}$ per cent. to 20 per cent. in the case of certain articles of luxury, such as even *umbrellas* is to be approved. I might inform my Honourable friend, Mr. Spence, that umbrellas, a necessity in places knowing monsoons, are very well manufactured and on a large scale in Madras and other places and can mostly meet the demand that there is in India for umbrellas. The raising of the import duty on foreign sugar from 10 to 15 per cent. will prove a boon to the sugar industry of India.

*NOTE.—See Preface.

†NOTE.—The Assembly saw no hope apparently for this industry in India.—E.L.P.

MR. A. D. PICKFORD : Yet one more point, the question of Cotton Excise. I do not suggest for a single moment that the tax should be removed in a year like this. It has existed now for a considerable time but I do feel most strongly having regard to the original history of this tax and of the accusation which with a very great show of justice can be brought against Government that the tax was imposed as a sop to Lancashire. I say, that in view of the history of that tax, it will be to the credit of the Government of India to have it removed at the very earliest possible opportunity.†

LEGISLATIVE ASSEMBLY.

17 March 1921.

THE FINANCE BILL (Extracts).

SIR P. S. SIVASWAMY AIYER : Sir, before proceeding to deal with the constitutional question which has been raised by the Honourable Dr. Gour, I should like to address a few remarks which I think the rules permit me to make on the general principles of the Finance Bill. While I do not wish to commit myself in any way to any expression of approval or disapproval of the policy of the Government which has landed them in the necessity for raising an additional taxation of 18 crores, I wish to express my gratification that the Government have not hesitated to resort to raising the tariff. I am wedded to no particular theory of economics. I do not worship at the altar of Free Trade or at the altar of Protection. I worship only at the altar of India. The welfare of India is my first concern and the welfare of the Empire is the second object of my thoughts. In this connection, I am sure, everyone of us here must have read with feelings of amazement and indignation the attempt which has been made by the meddlesome merchants of Manchester to dictate to us on the question of our taxation policy. We have suffered too long from the meddlesomeness of Manchester, but now that we have got a representative legislature, we shall no longer submit to this dictation and we are determined to make that clear to Manchester. Sir, there is no ground whatever for this easily excited alarm of the Manchester merchants. The Honourable Mr. Hailey has explained in his speech that the duties he has proposed are not of a protective character, but even if they had been, this House would not on that ground alone have refused to support them. He has clearly explained that they are entirely for revenue purposes. Is there any country in the world which

†NOTE.—I have never known in 16 years in India a dissident from this opinion. In what other country in the world is there an Exciseman in the weaving shed? . . . E.L.F.

would hesitate to levy import duties for purely revenue purposes ? Does England hesitate to levy import duties for revenue purposes ? I believe, there is no country in the world which does so.

MR. E. L. PRICE : Sir, on a point of order, do these remarks arise on the motion we are discussing ?

THE HONOURABLE THE PRESIDENT : Order, order. In case there should be any doubt about the matter, Standing Order No. 39 makes it quite clear, that when a motion, such as has been moved by the Honourable the Finance Member, is moved, the principle of the Bill is open to discussion as well as the particular procedure proposed to be adopted.

SIR P. S. SIVASWAMY AIYER : Sir, tariffs are generally devised by countries with various objects, not necessarily for the purpose of protection. Very often they are devised for revenue purposes, and one of the best sources of revenue which can be easily manipulated from year to year is the revenue derived from customs. Another argument among many in favour of a tariff duty is, that it gives us a margin for negotiations with other countries in respect of tariffs. It is not, however, necessary for my present purpose to enter at length into the theory of tariffs or into a justification for the imposition of tariff duties. It is sufficient for me to say here, that we do not believe in the professions of free trade which Manchester finds it convenient to follow. Manchester very often expresses without any abashment the sense of danger which it feels itself from any proposals for revision of tariffs in the countries with which England may have dealings. Sometimes it utters philanthropic wails over the lot of the poor consumer in India, but we value them no better than we should value crocodile's tears. Now, Sir, I shall only say that it is a preposterous claim, and that if the merchants of Manchester wish to render more acute the situation in India which has been described by certain worthy gentlemen in England as a dangerous situation, I advise them to go on persisting in this policy which they have followed. If they wish to bring about a disruption of the Empire, they have only to pursue this policy. But I hope that Manchester does not represent the enlightened conscience of England or the enlightened public opinion of England any more than the House of Lords represented the enlightened conscience of England on the Punjab affair.

MR. N. M. SAMARTH : Sir, I propose that to clause (1), the following be added, namely :

It shall remain in force only till the 31st March 1922.

Well, Sir, the object with which I have proposed this amendment is, that so far as possible, this House should develop the traditions and conventions of the House of Commons. Yesterday there was a debate upon a question which raised a similar matter for disposal before this House. I will not refer to it, but I will say this, that every Member of this Assembly, whether official or non-official, European or Indian, will, I hope, be imbued with the idea of developing in this Assembly the conventions and traditions of the mother of Parliaments. No precedent should be created, as far as possible, which will thwart and not facilitate the development of these conventions. I have placed this amendment before the House in order that, in course of time, we may have in this House something like a Consolidated Fund Bill, an Appropriation Bill and an annual Finance Bill. In the House of Commons, certain taxes are annually voted, giving to the Members of the House of Commons an opportunity of bringing practically a vote of censure on those in power. If their policy has been such as not to be in accordance with the general public interests, then it is open to the Opposition to throw out their annual Bills with the result that they go out of power. I wish that this Assembly, although it has not the power to turn out the Government by a vote of censure, will develop at any rate this, namely, that every year the Finance Member and the Government will come before this House and render an account of their stewardship, so that if the taxes that they have levied during the year are justified, and their financial arrangements are justified, we may renew them or modify them just as may seem proper. It is with that view that I have brought forward this amendment, and I trust that it will commend itself to the Assembly.

THE HONOURABLE MR. W. M. HAILEY : I wish to draw the attention of the House to the items of which this Bill is composed. There is the Tariff Act, the Post Office Act, the Income-tax Act, the Super-tax Act and the Freight Act. Now I can quite see the attraction of forcing us to render a full account of our stewardship every year, though I may say that I was under the impression that the existing Budget procedure already forced us to do so. And I quite see the attraction to this House of the proposal that our taxation shall be renewed at the will of the House every year. I see no reason, for instance, why the procedure of renewing income-tax every year should not be followed. That suggestion seems to me to be unobjectionable, because people do not enter into large commitments or expectations on the basis of the prospects of the rates of income-tax for the coming year. Then, again,

Sir, I see no reason why such a charge as that on freight should not, if necessary, be renewed every year ; indeed, as I pointed out in my Budget, we hoped that the freight sur-tax would be of a temporary nature only and that the revision of goods freights would take its place before the end of the year. There would, in any case, seem to me no reason why this should not be of a temporary nature because, here again, I do not think it would disturb greatly the course of trade if it were so arranged. Again, as regards the Post Office, I see no reason why rates taken under the Post Office Act should not be fixed year after year as long as reasonable notice is given to people in advance.

I have taken the items of the Bill in inverse order because I desired to leave the most difficult item to the last; that I mean relating to tariffs. That is a question on which the opinion of the commercial members of this House would be very valuable, both to us and to the House itself. Would it, or would it not, be embarrassing to trade if it realized that our tariff duties were fixed definitely only 12 months ahead ? Would merchants, or would they not, be able to make their commitments well in advance as they always desire to do ? Would it, or would it not mean that towards the end of the year people so far from taking their goods out of customs, would leave them there in the hope, that Government having been forced to retrenchment, might reduce the tariff ? I say that these are the doubts that occur to me and I should like to hear what the commercial members in this House have to say in the matter. My own view is, that it will lead to a very great state of uncertainty on the part of trade if our tariff came definitely to an end at the close of the year and the whole scheme of charges were open to revision every twelve months.

We have heard a great deal regarding the disturbance of trade due to exchange ; I am not at all sure that an addition to these uncertainties due to the indefinite duration of the tariff might not seriously damage the trade of the country. It cannot again be a very welcome prospect to this House that those differences of opinion that are being voiced as between Lancashire and India should be repeated year after year when the tariff comes under reconsideration. I am perfectly prepared as regards the remaining items to admit the suggestion put forward for annual legislation, but I say that there are very grave doubts as to the wisdom of fixing the tariff changes on a temporary basis.

MR. A. D. PICKFORD : Sir, I respond as promptly as I possibly can to the invitation that has been extended to the commercial members of this House by the Honourable Mr. Hailey.

I endorse in as strong a manner as possible, and I am quite sure I will have with me all those members, who are connected with industry and commerce in India,—every word that has fallen from the lips of the Honourable the Finance Member.

Already the element of uncertainty with regard to the alterations in tariffs is one of the disturbing factors in the commercial and industrial operations in this country, and, if I may say so, I think the House should be very careful before adding any further uncertainty to the difficulties which at the present time are in any case abnormal.

It is not merely the direct effect of possible cataclysmic changes hanging over commerce for the last few months of the financial year, but there is a subtle sense of uncertainty involved in a proposal of this sort which will undoubtedly act to the detriment of commerce and industry in this country. At the present time when everybody, whether engaged in business or otherwise, is especially concerned in encouraging commerce and industry as being the great hope of the economic future of the country, I say that in these circumstances, a proposal of this sort should be very carefully considered, indeed, before it is accepted and I can say that it is beyond all question that those engaged in commerce and industry in India will be very deeply disturbed should any such proposal be carried.

RAO BAHADUR T. RANGACHARIAR : Sir, I can see that there are advantages as well as disadvantages in this question. But the question which we have to consider is as to whether the advantages outweigh the disadvantages. The first point which occurs to me is that we are now passing through a transitional stage and it is necessary for the Assembly to learn by the experience of one year or more as to how far the finances of this country can be kept under control. With that view in mind we must see exactly where we are financially. We must also see whether the new rates which we are enforcing as regards customs duties are suitable or not. We cannot foresee what the effect of the imposition of those rates will be on the imports and exports of the country. If we work on a permanent basis, we may not be able to review the question as easily as we could if the rates were enforced for one year only. After all, we are imposing a higher rate on customs duties because of our financial stringency and not as a matter of protection of our commerce and industry, it is only a question of improving our financial position. If our financial position improved in the course of a year in the sense that we could cut down expenditure, then it would not be necessary to impose such a high tariff on goods. And whereas now we are willing to impose a certain tariff on

goods which we consider to be luxuries, we may be inclined to renew the rates at the end of a year and in certain cases we may be able to abolish the tariff.

At a time like this when we are learning our business in this Assembly, I think it should be considered that we are making an experiment and that we should try these rates for the time being and see how they act ; especially as regards customs duties—take tea for instance—it would be much better if the rates were renewed annually by legislation as in England.

And as many of these goods are imported, and as our industries in the country have not progressed as fast as we could wish, and as we have to see whether the trade of the country, the industries of the country are going to suffer or benefit by this new taxation, I think it is highly desirable that we should keep it in force for one year only. And one great thing which I have in view is this, as I have mentioned already, that it will put a check upon the growth of expenditure if the Finance Member knows he will have to come to the Assembly again and give an account of any extravagant expenditure either on the military or the civil side—he will have to give a true and full account of his procedure. I, therefore, Sir, strongly support the amendment of Mr. Samarth and I have given notice of a similar one myself and I will ask the Assembly to accept the amendment.

MR. MANMOHANDAS RAMJI : Sir, I beg to support the views expressed by my Honourable friend, Mr. Hailey, especially on the Tariff Act, that if it is going to be an annual thing to come before us, it will upset the trade considerably, because, orders have to be placed months before the season commences, especially with regard to piece-goods, and it is very difficult for the people to foresee what changes are going to take place at the time of the Budget. I think if the Tariff Bill is not disturbed for some time, it would be much better and, therefore, it should not be compulsory to disturb it annually. In case of need, it is open to either the Finance Department or the Members of this Assembly to bring in propositions to make any alterations which they desire, at the time of considering the Budget.

DR. H. S. GOUR : Sir, as I have given notice of a similar amendment which is on the Agenda, I may be permitted to justify it in connection with the Honourable Mr. Samarth's amendment. I congratulate the Honourable the Finance Member on simplifying the issue. He has conceded, that so far as our amendments relating to post office, freight, income-tax, and super-tax are concerned, there is no objection to the Finance Bill being

limited to a year. But he says, that so far as the Tariff is concerned, the matter is one which could not be readily conceded without reference to the commercial interests of the country. And the Honourable Mr. Pickford and the other speakers have pointed out, that if the Tariff Bill is to become an annual Act, it will disturb the piece-goods trade. Now, Sir, the Honourable Members who have spoken on this subject have taken it for granted that the Tariff Bill will *ipso facto* cease to exist and it will not be renewed. But that is not the purpose of the amendment. All that the amendment demands and desires is that at the conclusion of one year the Tariff Bill should be subject to the review of this House and, if this House comes to the conclusion that a continuance of the Tariff Bill is necessary, it will be as a matter of course, renewed. The only difference between the Bill as it exists and the Bill as we wish it to be amended is this. The Bill as introduced will continue to be law till it is modified or rescinded. Whereas by limiting it to a period of one year, it will come up for revision at the conclusion of one year. I do not see any difference, therefore, so far as the commercial members are concerned. The commercial members apprehend disturbance of their trade if the Tariff Bill is limited to one year but I would beg to ask them what difference would it make if the Tariff Bill continues as it is and next year this Assembly moves for its revision. The difference is not a difference in principle but a difference merely in procedure and the difference in procedure is this, that while, in the one case, it will continue till it is amended or annulled, in the other case, it will *ipso facto* come up before this Assembly for the purpose of reconsideration. That is all the difference between the original motion and the amendment.

Then, Sir, one speaker remarked that this Bill at the end of the year will cease to have any effect and that, after that, people who have placed contracts in advance will be losers. But I have just pointed out that that is a contingency which exists in all cases, whether the Bill is limited or is not limited to one year. So long as the Budget is subject to a vote of this House, it is for this House to decide as to what extent the demands made by Government should be made and in what manner. Therefore, all measures of taxation are subject to the review of this House and I therefore submit that there can be absolutely no objection to this measure being limited to one year, so far as the Tariff itself is concerned. One word more, Sir, and it is this. The Honourable Mr. Samarth has made his amendment somewhat more rigid. He says it shall remain in force only till the 31st March, 1922. My amendment is, that it shall remain in force for only one year, that is to say, from the date of its enactment. I submit, Sir,

the more elastic provision contained in my amendment would probably be accepted by the Honourable the Mover of the amendment, Mr. Samarth, and, if he does accept it, the two amendments might be discussed and voted on together.

MR. E. L. PRICE: Sir, I should like to support the appeal of Mr. Pickford and Mr. Ramji, both commercial men, to this House not to press this amendment. It is not quite the fact that it is purely a matter of procedure. If this Tariff Act is looked on as something that comes up for complete revision every year, the Finance Member will be assailed from all parts of the compass, and other Members of this House too, by all those interests which seek to shift their natural burdens off their own shoulders on to those of other people. This does not apply merely to the piece-goods trade, Sir. Probably, Mr. Ramji mentioned that trade because it is an interest of his. It applies equally to the importers of sundries, of wines and spirits, of silver and every other commodity. There will be a determined effort at lobbying for months in advance, because all will look at the Tariff as something open to them every year by the manipulation of which they might lift the load from their own shoulders and place it on other peoples. So, I suggest, there is a certain amount of psychological importance attaching to this method of procedure, and that, though the Tariff Act is subject to revision every year by this House, to hold it out for twelve months as a sort of 'Aunt Sally' for everybody concerned to have a knock at would be, I think, a tactical mistake, and I am assured also, that it would have a very disturbing effect on the ordinary course of trade. Therefore, I ask these legal gentlemen not to press a point like this for political purposes, however worthy, dead against the consensus of commercial opinion.

SIR P. S. SIVASWAMY AIYER: Sir, I wish to support in principle the amendment which has been moved by the Honourable Mr. Samarth, though I should personally prefer the form in which it has been announced by Mr. Venkatapatiraju, namely, that it 'shall remain in force till the end of March, 1922.'

If we say 'till the 31st March,' it may give rise to some doubt as to whether the 31st of March is included or not. The point taken seems to me to be a very much more substantial one than the one about which Honourable Members were very keen yesterday. I think it is a matter of great constitutional importance that a certain proportion of the taxes and the revenue of the State should not take a permanent form but should be in this manipulable and annual form. It has the great advantage of

compelling the Government to come to us year after year and seek our sanction to the continuance or alteration of the annual and revisable taxes as opposed to the permanent taxes. It is quite conceivable that the Government may plead that some inconvenience may possibly be caused if steps are not taken at once to continue the taxes at the expiry of a year. But I have no doubt that measures can be taken to avoid any inconvenient results either by legislation of the kind which has been enacted in the Provisional Collection of Taxes Act or in some other manner. I would, therefore, strongly support this motion.

MR. T. V. SESHAGIRI AYYAR : Sir, I feel some little difficulty in voting with my friends, with whom I am generally in agreement, on this particular occasion. There is already an agitation in England set up by the Lancashire merchants and by the Manchester people against this customs duty, and if we make it clear that at the end of a year, the Finance Member will have to come here to review that taxation, it may be adding flame to the agitation which is already spreading in England and the position of the Finance Member here will become more difficult. And I also think that the voice of the commerce members who have spoken on this subject ought to have greater weight in determining a question of this kind than the voice of what Mr. Price called the legal men. Now, Sir, if it is possible for my Honourable friends to so word this amendment as to leave out the question of Customs Duties, I would have no objection to vote for it. But, as their amendment is not worded in that way, I feel great difficulty in supporting the amendment in the form in which it has been moved.

MR. B. VENKATAPATIRAJU : Sir, I have given notice of a similar motion. We are thankful to the Honourable Mr. Hailey that he has no objection to exempt the Indian Post Office Act, the Indian Income-Tax Act, the Super-Tax Act, and the Freight (Railway and Inland Steam-Vessel) Tax Act. The only objection he has taken is with reference to the Indian Tariff Act. It is true, Sir, that the practice is both ways with reference to this measure. There are cases where these are annually voted, and there are cases also where permanent provision is made. We have also seen a notice given by Mr. Rangachariar that if we did not approve at the end of a year the tariff which we are now imposing by this Act, the old duties would remain. There is another amendment suggested, that is, he suggests that at the end of a year, we should revive the old tariff. The question is, whether we should make a permanent provision by imposing this high tariff which we are now asked to impose on the several

goods which are imported into the country. It may be advantageous or it may be disadvantageous or disastrous. I respectfully urge that it is not at all wise to tie our hands and impose a burden on the country, because, after all, the person who actually pays is the consumer who will be liable to pay very heavy taxes. Perhaps, with facilities, we may rather increase or decrease the duties. The only objection taken by the Honourable Mr. Ramji and the other friends who spoke on behalf of business was, that there would be difficulty in trade, that goods would not be taken delivery of at the close of a year because of the uncertainty whether there would be a reduction or an increase in the duties, and that there would be difficulty also in entering into contracts as it will be necessary to take into consideration the rates that may have to be paid. Sir, it is perfectly well known that the tariff is liable to change, and that the increase or decrease will be taken as a separate addition to the price which will be contracted for by the parties. With reference to not taking delivery of goods, I am sure, Sir, that demurrage will have to be paid by the parties concerned if they refuse to take delivery. Besides, I do not see why we should tie our hands and not have the power of rectifying any mistakes we may have committed by this high imposition. Are we to say, Sir, that we are for ever going to be bound by this? The saving clause to this Bill says that it should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. In these circumstances, Sir, I would suggest, it is far better in the interests of this country as well as of the countries which are exporting merchandise to this country that we should take into consideration, year after year, what is necessary for our own purposes in the interests of our own country. I therefore strongly support the amendment moved by my Honourable friend, Mr. Samarth.

MR. C. A. INNES : Sir, in reply to what Mr. Seshagiri Ayyar said, I wish to say that Government are quite prepared to agree to an amendment which will be in the following form :

‘ That clause 1 be renumbered sub-clause (1) of clause 1, and that to the said clause, the following sub-clause be added, namely.

(2) Section 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.’

The effect of this amendment will be that the Finance Bill, in so far as the Indian Post Office Act, the Indian Income-tax Act, the Super-tax Act and the Freight (Railway and Inland Steam-Vessel) Tax Act are concerned, will remain in force only for one year. But we do think it most

important that this amendment should not be carried in respect of the Indian Tariff Act. In this matter I do appeal to the House to trust to commercial experience. The amendment of the tariff is a matter of vital importance to trade. I do not agree with what Dr. Gour said. I would like to point out that if this amendment were accepted, the effect of it would be that the Act would remain in force only till the 31st of March 1922. That is to say, on the 31st of March 1922, as far as our tariffs are concerned, we shall have an absolute *tabula rasa*. As pointed out by Mr. Price, all the interests in the country who have anything to gain or anything to lose by an amendment of the Tariff Act will be up here lobbying in this House. The whole of the trade will be upset and disorganized. Everywhere business will become very difficult. Mr. Rangachariar said that if the Tariff Act were put in force only for one year, it would act as a check upon the growth of expenditure. What I say, Sir, is that if the Tariff Act is put in force only for one year, it will act as a check upon the growth of trade, and will do vital damage to the country. Moreover, we shall not get our money.

I think that is all I have to say, Sir, and I again appeal to the House to listen to those gentlemen in this House who are representatives of trade and commerce and accept their views that as far as the Tariff Act is concerned, it should not be enforced for one year only.

THE HONOURABLE THE PRESIDENT: The Honourable Member, I understand, has moved an amendment, or is it only thrown out as a suggestion?

THE HONOURABLE MR. W. M. HAILEY: I felt that we could only throw that out as a suggestion, in answer to the proposal put before us by Mr. Seshagiri Ayyar. If, however, I am in order in putting it forward as a definite amendment, I should like to do so; but I place myself entirely in your hands in that respect.

DR. H. S. GOUR: May I ask the Honourable Finance Member a question? Are the Government prepared to give an undertaking to this House that on the conclusion of one year they will submit the whole question of tariff for the consideration of this House? If the Government are prepared to give an undertaking to that effect, the Honourable Members,—I, at any rate—will reconsider my position as to whether I should persist in bringing my amendment.

THE HONOURABLE THE PRESIDENT: There seems to be some confusion as to the bearing of the amendment moved by Mr. Samarth,

Mr. Venkatapatiraju several times used the expression 'to tie our hands.' That is precisely what he proposes to do. The amendment makes it inevitable that the tariff should be brought up next year. If the amendment is not carried, it is left open whether it shall be done or not.

THE HONOURABLE MR. W. M. HAILEY : With regard to the question which has been put to me, I cannot undertake that we shall put the whole question of tariff before the House before the 1st March next year. As the House knows, we are about to assemble a highly important fiscal commission, which will deal with the whole question of India's fiscal relations. If they present us with an interim report in time for us to bring the question before the House next year we shall be able to do so. But I think the House will agree with me that it would be unwise for us to attempt to reopen the whole question with the House while that commission is still sitting, and until we had received the result of their labours. As soon as we have received their recommendations, I need not say, that the Government will take the earliest opportunity of bringing the whole matter before the Legislature.

THE HONOURABLE THE PRESIDENT : Further amendment moved :

'That the following words be substituted for the amendment moved by Mr. Samarth :

'That clause 1 be re-numbered sub-clause (1) of clause 1, and that to the said clause the following sub-clause be added,' namely:

(2) Sections 3,4,5 and 6 shall remain in force only up to the 31st day of March 1922.'

Question put :

'That that amendment be substituted for the amendment of Mr. Samarth.'

MR. N. M. SAMARTH : Sir, having regard to the expression of opinion of the Members of the commercial community here and the motion which has been introduced in favour of retaining the tariff undisturbed for more than one year or, to any rate, until the Tariff Commission brings out its report, I think it is under the circumstances advisable for this Assembly to accept the proposed amendment. At the same time, I will say this, that if the arguments advanced by some of those Members of the commercial community who spoke on the subject are sound, they would logically lead to the conclusion that there should be no disturbance of the tariff at any time and as such they do not, at any rate, convince me or convince those who think with me. But I accept the proposed amendment as the Honourable Mr. Hailey has given us an assurance that when

the Tariff Commission meets and the whole question is gone into a fresh and their recommendations are placed before the Government of India, the tariffs will be remodelled in accordance with the view that the Government of India and this Assembly and the Secretary of State may ultimately take. One more point, Sir. Reference was made to the Lancashire agitation. Well, I may be pardoned, I hope, for telling this Assembly that I put forward before the Crewe Committee in my memorandum and in my evidence the proposal that whenever the Government of India and its Legislature agreed there should be no interference by the Secretary of State, and, therefore, none by Parliament. That proposition was accepted and approved of by the Crewe Committee. I again urged it before the Joint Parliamentary Committee, and as everybody knows, that Committee also accepted the view that ordinarily whenever the Government of India and its Legislature agreed, there should be no interference by the Secretary of State and, therefore, none by Parliament. I am not afraid, therefore, of this Lancashire agitation in the House of Commons or any where else, so long as you and I and all the rest of us, including the Government of India, are of one mind and speak with one voice on the subject.

MR. T. V. SESHAGIRI AYYAR : Supposing this amendment is accepted, and sometime later section 3 in the Bill which refers to the Indian Post Office Act is altogether deleted, what is the effect of it? If we accept the amendment and say, that all these sections shall remain in force until the 31st March 1922, and if what I have said happens in consequence of a discussion in the House, will that in any way affect the position?

THE HONOURABLE THE PRESIDENT : I think means can be found for that. I hesitate in view of the circumstances at the moment, to make the suggestion, but there is 'another place' in which any necessary amendment can be inserted.

The motion :

'That that amendment * be substituted for the original amendment.'

was adopted.

'That that amendment * be made in clause 1.'

was adopted.

The motion :

'That clause 1 as amended stands part of the Bill.'

was adopted.

*That clause 1 be re-numbered sub-clause (1) of clause 1, and that to the said clause the following sub-clause be added: (2) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March 1922.'

TEXTILE MACHINERY AND STORES.

LALA GIRDHARILAL AGARWALA : Sir, I move :

" That after* item 18 the following new item be inserted :

18-A. Textile machinery and stores."

In the Statement of Objects and Reasons of the Finance Bill, in paragraph 2 (2), this is stated : " The withdrawal of the concession allowed by the existing tariff under which machinery and stores imported for use in cotton mills are admitted free of import duty." I submit, Sir, that the cotton industry in this country is struggling—(Laughter). I cannot understand why my Honourable friends are laughing when I say that we cannot compete with foreign goods even now, and it is necessary that our industry should be protected. We cannot extend our textile industry unless we get a large number of machines, spinning and weaving machines throughout the country, and we cannot any more go on with Mahatma Gandhi's *charkhas*. I submit for these reasons that it is necessary that these articles should remain free of duty and should not be taxed. The result would be, if it be taxed, that we would not be able to import machinery for setting up weaving mills and we would suffer.

MR. C. A. INNES : Sir, the concession by which textile machinery and stores have up to date been admitted free of duty into India dates from the time when the import duty on piece-goods was first imposed and when a countervailing excise was placed on piece-goods manufactured in this country. It was realised at once that since in the matter of piece-goods manufactured in this country an excise duty precisely equivalent to the import duty on imported piece-goods had to be paid, the cotton mills here were placed in a disadvantageous position, in that they had to import from England machinery and mill stores they required for their mills. It was decided, therefore, that these machinery and mill stores should be free from all duty.

Now, Sir, the position is entirely different. The textile industry in this country has the benefit of a six per cent. duty. The excise duty on piece-goods manufactured in this country is 5 per cent. Under the proposals which we have placed before the House, the import duty on imported piece-goods will be 11 per cent. In view of this difference we

desire to remove the small concession whereby textile machinery and stores are admitted free. We shall get a small amount of revenue, say, about ten lakhs of rupees out of this. Moreover, we shall simplify very greatly our customs procedure. The objection that we have to the continuance of this concession is that it causes us very great administrative inconvenience. The working of these exemptions involves considerable difficulties, in that certain articles can be used for entirely different types of work, and others can be used for woollen mills which are not privileged. Again the question arises of importations by people who buy for stock, and who sell to cotton mills or elsewhere. The result is that in a large proportion of cases a provisional duty is charged in the first instance and is adjusted on production of the necessary proof of destination. In some cases the duty is charged subject to a refund being granted when the machinery has been erected or the stores have been used. Both processes involve a subsequent handling of the papers which have, in the meanwhile, been dispersed for audit, for statistical or other purposes, and the extent of the clerical and administrative labour involved is very great. The disposal of every refund application tends to clog the wheels of the customs machine and to be productive of slower work. Now that we are increasing the import duty by probably at least $3\frac{1}{2}$ per cent. without any increase in the excise, it seems to me equitable that we should remove this concession, which I venture to think that cotton mill industry no longer requires.

Mr. Agarwala referred to the "struggling industry." All I can say is, that I wish we had more industries struggling in this way in the country. I have here a list of the dividends paid by the Bombay cotton mills in the last year. I will just read them out in order : 36 per cent., 26, 25, 128, 22, 128, 70, 30, 45, 85, 52, 42, 30, 65 and so on. It seems to me, Sir that this industry is in an extremely strong position. It seems to me that it no longer requires this little concession which, as I have said, causes us a great deal of administrative inconvenience, and I suggest that the House should accept our proposal which means an additional revenue of about ten lakhs of rupees.

MR. MANMOHANDAS RAMJI : I have also an amendment standing in my name, item No. 35. May I know whether I shall be allowed to move it, or this proposition will dispose of it also ?

THE HONOURABLE THE PRESIDENT : The Honourable Member is raising quite a different question there. As far as I can see, he is raising the question of materials used in the industry.

MR. MANMOHANDAS RAMJI : Not stores as a whole, but only a part of the stores.

If I may be permitted to say a word, Sir, Mr. Agarwala's motion is, that the whole of the stores imported for mills is to be excluded, whereas my proposition says, that stores used for sizing purposes only be exempted.

THE HONOURABLE THE PRESIDENT : In order to give the Honourable Member an opportunity, I will put the amendment before the House in the following form :

" After item No. 18 the following new item be inserted :

" 18-A. Textile machinery."

The amendment was negatived.

MR. E. L. PRICE : Am I to move my amendment No. 32, because that and No. 59 are two component parts of a perfect whole ? I cannot very well move the one without the other.

THE HONOURABLE THE PRESIDENT : If they are parts of a perfect whole and we dispose of No. 32, then No. 59 shares the same fate.

MR. E. L. PRICE : I beg to move :

" That " Silver" be omitted."*

Of course, the House understands that this is attempted with the idea of collecting an import duty which, before the war, according to the evidence given in the Babington Smith Committee produced an annual revenue of a crore of rupees, a sum of money which this House would, probably, be very glad to have in hand in order to reduce some of the charges that must otherwise undoubtedly fall on the poorer sections of the community. I must apologise to this House if I speak with what in another place is called irresponsibility. Of course, I had prepared 20 pages of print, but owing to your appeal, Sir, for expedition, I prefer to put them behind me and shall be as brief as possible. I put it to this House, that India is rather afflicted with busy bodies outside. The latest of them is Lord Ampthill against whose proposed action we unofficial European Members, have recently sent a strong remonstrance. I cannot but feel that the Babington Smith Committee also, however appointed, was also something in the nature of some one of these outside busy bodies. It contained only one Indian Member and its whole results have been disastrous to this country. It sat at a time when, if one thing was more certain than another, as pointed out by the Exchange Banks,

*From Item 20, Schedule I, page 3 of the Bill as introduced.

conditions were absolutely fluid. There was no stability, and on this fluid basis they tried to erect a structure, and that structure has toppled down to the great discomfiture of all concerned. Now I am very sorry, really I feel I ought to apologise to the House, for mentioning this Babington Smith Committee Report at all, because I do not know that I can say a word in its favour; but, however, as my opponents resolutely mention it, it seems necessary to revert to it. First take paragraph 71 of the Report. It is thrown at my head from all over the place: "Oh, the Babington Smith Committee said, you *must* take off the duty on silver." Now, Sir, when I read the exact words to the House you will see they made no such statement without a certain amount of reserve. They said:

"For these reasons we recommend that when the prohibition of import of silver is removed, the duty should also be removed unless in the opinion of the Government of India the fiscal position demands its retention."

I would ask the House to note the words "the fiscal position demands its retention." Of course my contention is that the fiscal position seriously demands its retention at this time. Now, Sir, while on this question of the Babington Smith Report I must naturally take the minority report on the same subject and of course I quite agree that Mr. Merwanjee Dalal is unequivocally against any import duty, but I would refer to page 41 and quote Mr. Dalal against himself. Section 12 runs like this:

"I discuss in detail below these and other points referred to the Committee and now state the recommendations that I desire to make."

"(a) The money standard in India should remain unaltered, that is, the standard of the sovereign and gold mohurs (notice the words "gold mohurs") with rupees related thereto at the rate of 15 to 1."

Now this is the more important, Sir, because the gold mohurs that we coined at the Bombay mint, I think, in 1917, had stamped on the back Rs. 15, and of course they were exactly equal in weight and fineness to the sovereign. I am sorry, I have not got one of the coins here to show you, but they are unobtainable. Now it has often been stated that the minority report advocated the retention of exchange at 1s. 4d. It did nothing of the sort, Sir. From this section you will see that it wanted to retain exchange at 1s. 4d. *gold*, Rs. 15 for a gold mohur or for a sovereign, which is a gold coin of exactly the same weight and fineness as the said gold mohur. Now, Sir, what is the current value of

a rupee at 1s. 4d. gold ? I worked it out roughly and the answer is 1s. 9d. sterling. 1s. 4d. *gold* is 1s. 9d. *sterling*. There can be no doubt about it. That is what the minority report recommended !

Now as regards (b), (I am reading again from the minority report) :

“ Free and unfettered imports and exports by the public of gold bullion and gold coins.”

“ (c) Free and unfettered imports and exports by the public of silver bullion and silver coins.”

Now, Sir, I want to draw the attention of the House to this fact that Mr. Merwanjee Dalal divides up gold from silver. Why should he not lump them together like the Customs schedule ? Why should he label one (b) and the other (c) and take two extra lines of print for nothing ? The reason is, that Mr. Dalal is undoubtedly a very good economist and he knows perfectly well that gold and silver are altogether in different categories for international purposes, and therefore he so placed them. Gold will always pay your way. The greater the stress of the times the more favourable is gold. Silver is in an entirely different category. It very often will only serve the purpose of securities, and most of us know to our cost what little service securities will afford a man in times of stress. Now, Sir, leaving that report, I come to an item of evidence given before that committee and given by an expert called Mr. Bomanji. I have heard his name mentioned in this House in connection with exchange, showing how expert he was during the sale of Reverse Councils, and on that account I suppose we cannot do better than accept his recommendations now. He says:—

“ With a rise in the sterling value of the rupee, with no restrictions on the import of gold and silver and with a ratio fixed between sterling and rupee, under those conditions, I do not think that you can permanently keep exchange very high.”

and that leads me to the further question as to whether the Government of India wants exchange to rise, and whether commercial India wants exchange to rise. Well, Sir, there are the many commercial considerations that I stated on the 8th. The Honourable Mr. Sarma, will admit that one of his chief fears, I suppose, about releasing exports is, that at the present low exchange, prices might rise.* If exchange were at 1s. 8d. he would have far less reluctance, and from his point of view it would probably be a good deal more comfortable if exchange were a little higher. But there is another Member of Government, Sir, who is much

* NOTE.—Mr. Sarma acquiesced with a nod. Exchange was at the time about 1s 3d *sterling*, barely 11d *gold*. E. L. P.

more interested than even Mr. Sarma, and that is the Finance Member. From the 1st of April when this Budget comes into operation, there are home charges to be met to the extent of 27 millions against which the Finance Member has put an amount of 20 million, which he expects the other way, that is in payment for military services. Now, Sir, I am taking it, I may be wrong, I hope not, that what he means to say is, he is going to spend for the War Office 24 crores and at the rate of 1s. 8d. calculated Rs. 12 to the pound recover in London 20 millions. The operations begin on the 1st of April, that is almost next week. But, Sir, in spending these 24 crores, he has told us that the War Office will only repay him at the market rate. If the War Office pays him even at 1s. 4d. the amount he will get in London, will only be 16 millions, instead of 20 millions and at once on that item alone we have another deficit of 4 millions, which is an extremely serious thing. Now, Sir, the objections to this duty on silver have been very effectively stage managed. Most of us have seen some theatrical representation when an army is introduced. Four or five men armed with helmets, shields and swords march through. As soon as they pass out of sight, they "double" up and come in again. You watch them a little bit and think there is a large army passing through. I believe that that is what has really happened in the case of these protests against the import duty on silver. The main people who are interested are half a dozen bullion brokers who are extremely anxious that whoever has to pay, and whatever they have to pay, at all events no burden or restriction should fall on them. It was referred to in the *Statesman* as undiluted selfishness. I hope it is not quite that. There is something serious behind it too. But when the Finance Member replied on this question being first raised, he spoke about consulting the silver bullion dealers. Well, Sir, the Finance Member has put a duty on sugar. . . .

THE HONOURABLE MR. W. M. HAILEY : I venture to interrupt, I said that I should have to consult Bombay, not the bullion dealers.

MR. E. L. PRICE : Well, Sir, I am sorry if I misunderstood the Finance Member, but I am not aware that he had particularly to consult Bombay over the import duty on sugar, which is a food of the people. And, even if you say to me that this sugar is not eaten by the poorer classes, I will admit that ; but, at the same time, the rise in the price of foreign sugar affects the price of the Indian article. Again, take cloth. You say you are forced to raise the duty on the clothing of the millions of India, and, if you say that Manchester goods of the finer sorts will not

so much affect the masses, I shall again have to say that behind that new tariff wall that you are raising, the indigenous products will rise in price. The extra income-tax, the higher super-tax that you try to impose on the mill-owners, behind that tariff wall will be easily passed on to the consumer, and the tax you place on food and clothing will undoubtedly affect the masses

Now, Sir, socially silver is a luxury. People do not need it to eat or to keep them warm, and I do say that it is a most important thing that admitted luxuries should be taxed. From the currency point of view also uncoined silver is a luxury because we have a nominal gold basis, *and that gold basis will never be made effective unless the volumes of silver that keep coming to India are restricted and penalised.*

I have been as brief as I could ; I am sorry if I have missed any important points.

DR H. S. GOUR : I am sorry, Sir, I have to oppose this amendment and I shall briefly do so by categorising my objections.

My friend's first point was that the exchange would improve if there is an import duty on silver. I submit, Sir, as I pointed out in my speech when the general debate on the Budget took place, that the amount of silver which is imported to this country is not such as materially to affect the exchange much.* I therefore submit that the question of exchange must be left out in considering the import duty on silver, and, even assuming for the sake of argument that it will reflect upon the exchange, I submit that the Government must not any longer tamper with exchange. They have done so before much to their cost and the cost of the country, and the exchange problem must now be left to solve itself.

My next objection is that the savings of the people of this country are mostly made in silver, and it would be a most suicidal policy for this Assembly to attempt to tax those savings.

My third objection to the Honourable Member's proposal is that silver is a currency metal and it is one of the axioms of economics that currency metals must not be taxed ; there must be a free flow of currency metals.

My next objection is that we have a considerable trade with China which is a silver currency using country. Our trade with China is already dwindling and it would seriously suffer if we were to put an import duty on silver.

* 6 crores nett in March, April and May 1921. The legal fraternity evidently think in bigger units than commercial folk! E. J. P.

On these grounds, Sir, I oppose the amendment.

The HONOURABLE MR. W. M. HAILEY : The House will readily understand, that when it places within our grasp the prospect of a crore of rupees, we should not lightly reject the offer ; it is no function of ours to look a gift horse too narrowly in the mouth. But, Sir, it is my duty to advise the House to the best of my ability, not only as to how to meet its immediate difficulties with the least inconvenience to itself and to the country, but how to regulate its finances over a period of years with the greatest safety to health and stability. It is because I feel it to be my duty to ask the House to take a long view of these matters, that I must criticise the proposal put forward by Mr. Price.

Let me take his last argument first. He said that silver was a luxury. Well, whether an article is a luxury or not is often a matter of opinion, and sometimes even a matter of verbal expression. But I am aware that people are frequently disposed to a decision on even the most important and vital questions by a prejudice derived from a classification of this nature. Now, Sir, is silver really to be classified as a luxury ? Certainly that was not the opinion of Indian publicists when we placed the tax originally on silver. We were then told, as Dr. Gour has told us again just now, that we were taxing the savings of the poor man. It has, it is true, long been a charge against India, a charge certainly levied against India by Europeans from the 17th century onwards, that it is a pit for the precious metals. A long succession of economists has deplored the Indian habit of hoarding the precious metals. As a matter of pure economics they were undoubtedly correct ; but the circumstances of India require that we should apply some qualification to this condemnation. If metal is hoarded, it does not necessarily follow that the metal so hoarded is a luxury. I will admit that for the European silver is a luxury ; for the richer Indian, except in so far as he seeks to meet the absolute necessities of ceremonial occasions, silver is a luxury ; but is it a luxury for the poor man ? He has no banking facilities ; he is not sufficiently educated to have acquired the Savings Bank habit, and, until he improves sufficiently by education to appreciate the investment habit, or until we can provide him with the necessary banking facilities, silver and gold are practically his only means of banking. To that extent at all events silver is not really a luxury, and I would deprecate any attempt to decide the immediate issue before us—a tariff issue—on the supposition that we are taxing a luxury pure and simple.

Now, Sir, that is not of course my main objection, though I have had to state this point in order that I might clear away any prepossessions derived from Mr. Price's statement of this aspect of the question. My main objection is far stronger, and is directed against what is after all also Mr. Price's main point, namely, that an import tax on silver would tend to rehabilitate exchange. I maintain, that in the present chaotic conditions of exchange there is unanimity only on one point, namely, that we should now cease to attempt to regulate it by artificial means. That has been the lesson of the Brussels Conference ; that has been the lesson that has been impressed on us by the majority of persons in this country qualified to judge of the situation. We are told that we have made a failure of things ; how far that is true, is a matter of opinion ; but it is certainly a matter of fact that we have been very freely told that we had now better leave things alone. Yet Mr. Price's proposal would, if accepted, constitute exactly one of these artificial attempts to regulate exchange which the country at large has protested against. Again, if in many quarters blame has been imputed to us with regard to what has been described as the failure of our exchange policy, yet it is nevertheless true that we have gained some credit from the fact that we have released the precious metals from all control, both import and export. Let me quote a short passage from a paper that I am fond of quoting because it not infrequently attacks, and attacks from a very well informed standpoint, our general financial policy. It says :

"We have gradually got down to unrestricted trade in most things including our precious metals and exchange, though in our economic Sahara some people are still clamouring for administrative interference with a free exchange and for the re-imposition of restrictions on the import of silver. But this very freedom makes it all the more necessary to strike off the last shackles from the limbs of trade."

I believe, Sir, that the great majority of commercial men in this country think that our one hope of stabilising exchange is to leave it to the operation of natural forces.* This particularly applies to restrictions on the precious metals ; because ultimately the precious metals must be relied on to re-establish the balance of trade ; they are the only resort when ordinary imports and exports fail to arrive at a balance. We may be told that if we really believe this theory, we should not have placed restrictions on the movements of metals during the war ? The consequence of such restrictions was seriously to affect exchange ; but they were due entirely to war conditions, and could not have been obviated by any means in our power whatsoever.

* NOTE—Natural forces can hardly be said to operate while control of Exports is maintained. E. L. P.

Now, to come to details, what is the exact effect of an import duty on silver? I have heard it said, that an import duty on silver does not in itself prevent silver being used for re-establishing the balance of trade; that is it does not prevent its export when required for that purpose. Well, Sir, it does; that statement is not correct. I will quote an authority; which most Members of this House would, I think, admit to be unimpeachable. That authority says:

‘It would be wicked to make India a bottomless sink for silver, and this had formerly been brought about by the imposition of a duty.’

The explanation of course is, that if we place a two-anna import duty on silver, India cannot use silver freely for purposes of export until the Indian parity rises to two annas above the London parity, or about 12 rupees per hundred tolas. It is perfectly true that the Customs Act does provide for a rebate of $\frac{2}{3}$ ths on re-exports of silver; but you cannot identify particular prices of silver; it gets broken up, and changes its form so that, as a matter of fact, that rebate can hardly ever be claimed.

My position then is, that the imposition of an import duty on silver practically prevents its export until the Indian parity rises strongly above the London parity. Now, Sir, that is not a theoretical consideration in any way, but it is a practical one. What is happening at the present moment? I am going to read to the House lest it should be thought that I am voicing merely my own views—another extract from the same authority. I quote it to prove that the free import of silver is not an unmixed evil, that in return for imports we get both exports of silver, and even of a more important factor in exchange, I mean gold.

‘The trade returns of last year show that since the abolition of a silver duty by the Secretary of State, India is importing as well as exporting silver bullion and coins. At the present moment, India is exporting gold at the level of Rs. 30 per tola and importing silver at the level of 85 per 100 tolas. It is advantageous for India to sell gold, the price of which, as measured in rupees, is high. Later on, India will be able to buy back its gold at least 25 per cent. cheaper. It is much better for India to buy cheap silver necessary for the ornaments of the people than to melt silver rupees. The silver demand of India is going to be limited. India, since the repeal of the import duty on silver last year, has exported silver to China at the level of 105 and is now advantageously re-purchasing it at the level of 85; India had bought its gold much under Rs. 23 per tola and is now selling it at a huge premium. India is exporting more gold than it imports silver.’

It is in fact true that if you import silver cheaply, you can export gold when it is to your advantage to do so. What are the facts? During the last eight months India has exported $16\frac{3}{4}$ crores worth of gold and has imported only 6 crores worth of silver, while exporting three. *

Now, Sir, it may appear that I am arguing not only against our own immediate interests in this matter, but also against the theories advanced by the Government of India when they placed the duty on silver. But the conditions are very different now to what they were then. Then it looked as if the gold exchange standard was firmly established and nothing that we could do in raising revenue by way of an import duty on silver would affect it. But, Sir, that condition of affairs has been dynamited by the war, and a very different state of things prevails now. I doubt if anybody now would care to use the same arguments regarding the innocuousness of an import duty on silver that were advanced when the import duty was imposed by Government in 1914.

And, finally, Sir, Dr. Gour has referred to another point, also, if I may say so, a strong one,—that is to say, our relations with China. Our exports to China are ultimately paid for in silver, and the briefest consideration will show that the imposition of an import duty has practically the effect of raising the exchange against our Indian exporters. When the matter was discussed in the Imperial Legislative Council during the debates on the proposal to impose the tax, that point was pressed strongly against us, particularly, I think, by Sir Sassoon David, one of our stoutest opponents at the time. Government then had to admit, that the imposition of an import duty would have this effect, though it referred in its calculations to a limit of only 2 or 3 per cent.

Now, those, Sir, are the points which I, imitating Mr. Price's brevity, have to put before the House. I have to put before the House that, as a matter of economic theory, it is bad. I have to put before the House that though it is an exceedingly attractive proposition in view of our immediate difficulties, yet, taking the broad view, I believe that it would do more harm than good. If an import duty were imposed now and it were found subsequently that it was doing us harm, the House knows how difficult it would be then to remove it. It is for these reasons, Sir, that, taking what I believe to be the larger view, I myself advise the House not to accept the proposition put before it by Mr. Price.

* NOTE.—The nett imports of silver during that month (March 1921) were 298 lacs, and April and May gave us further 3 crores. These imports swelled the Balance of Trade against India materially. E. L. P.

Mr. JAMNADAS DWARKADAS: Sir, in opposing Mr. Price's motion and in endorsing the opinions that have been expressed by the Honourable the Finance Member, I only want to detain the House for a couple of minutes and not more.

I want to draw the attention of the House to this fact that when the Currency Commission submitted its Report in 1919, Honourable Members are aware that the majority report and the minority report differed on many important points. But if there was one point on which there was unanimous agreement between the Indian Member of the Commission and the other Members of the Commission, it was this point, namely, that no import duty should be levied on silver. This is what the Currency Commission's majority report said :

"There is a strong feeling in India against the retention of the duty. It is an obstacle to the establishment of a world market in silver in Bombay and places the Indian consumer of silver at a disadvantage in comparison with the population of other countries."

In the minority report it was also stated that the silver duty should be abolished. I want to ask Mr. Price if he can point out to me any country which has an import duty on silver ? And we must also remember this fact that in India, where the larger portion of the currency is based on silver, it would be detrimental to our financial interests and our commercial future to levy an import duty on silver.

I entirely agree with my friend, Dr. Gour, that silver is not looked upon as an article of luxury, however much we may regret the custom that is prevailing among the masses of the people to have silver ornaments made and to hoard silver in that form. We must look the fact in the face, that this is a custom which is prevailing, and if we try to levy a duty on silver and if the masses feel that their one method of saving money is also attacked, it will create a good deal of discontent among the masses. But more important than anything else is this fact, that in Bombay we have one of the largest bullion markets in the world, and if it remains unhampered by an import duty on silver one can remain perfectly sure that in course of time Bombay, and consequently India, will be one of the greatest commercial centres of the world. I say that the commercial future of India is dependent upon not levying silver duty, and I hope Honourable Members will reject the proposition moved by my Honourable friend Mr. Price.

RAO BAHADUR T. RANGACHARIAR : Sir, I wish to present to the House the view of a layman in this matter. I consider Dr. Gour to be as much a layman in this matter as myself. There was one portion of his argument which I failed to appreciate. It is quite true that our people are in the habit of putting their savings in silver ; but how the imposition of an import duty on silver will reduce the value of the savings I fail to see. On the other hand, I am inclined to the view, that it may enhance the value of the material. But while we have a Doctor, Mr. Price on one side, we have the Honourable Finance Member as a Doctor on the other side. Where two Doctors differ, the safest course will be for the present at any rate to allow the *status quo* to remain. Let us wait and see, because it is dangerous to interfere in a matter like this; and taking that view, as I do, I am sorry to say, I am not for voting for Mr. Price's proposition.

The amendment * was negatived.

MR. JAMNADAS DWARKADAS : Sir, I want to point out at the outset that there seems to be some mistake in the form in which my amendment is presented here. I gave notice of an amendment as a whole, that item No. 22 be transferred to item No. 75, but I should prefer, with your permission, that it should be transferred to No. 97 of part IV of Schedule II. So I shall deal with the amendment as a whole and not merely with the amendment as it stands here, with your permission, Sir. I may also point out that in the notice which I gave I had not included the whole of item No. 22, but I had mentioned only the first half of the portion, *viz.*, cotton twist and yarn, and I had left out sewing and darning thread ; on this paper it is No. 33. Now, Sir,....

THE HONOURABLE THE PRESIDENT : The amendment standing in the name of the Honourable Member, Nos. 33 and 67, are not distributed according to his original intention ; I think that is what he means ?

MR. JAMNADAS DWARKADAS : That is so, Sir.

THE HONOURABLE THE PRESIDENT : He may move No. 33, as drafted, and No. 67 later.

*That in item 20, the words "and silver" be omitted.

MR. JAMNADAS DWARKADAS : I shall move the amendment as a whole, Sir, *viz.*, that item No. 22 in Schedule II, part I, Cotton twist and yarn, be transferred to Schedule II, part 4, item No. 97 ; and cotton, sewing and darning thread, be kept as it is ; that is not a part of my amendment. Sir, the Members of this House are probably aware that the import duty of 11 per cent. that applies to other articles applies to cotton manufactures, *viz.*, piece-goods ; it does not apply to yarn which is imported from foreign countries. Now that is a very great disadvantage. In the first place, if we make the import duty applicable to foreign yarn, it will yield to us in these days of stringency a very very large revenue, revenue to the extent, I venture to submit, of Rs. 60 or 70 lakhs per year. The opinion of the Mill-owners Association in Bombay and of the commercial community of Bombay as represented by the Indian Merchants Chamber, is strongly in favour of including yarn among dutiable articles. It may be argued, as it is argued by many, that the imposition of an import duty on yarn may hit the hand-loom industry in India. Now, that is not so. The hand-loom industry in India consumes yarn which belongs to the finer counts ; and if finer counts which are imported from England are made to pay an import duty then it will not affect the poorer classes of the people. The cloth made of the finer counts is an article of luxury and so it might affect the richer and the middle classes, but not the poorer classes of the people. However, I may say at the outset that I have taken into consideration the objections raised by many Members of this Assembly, especially from the Madras side, that hand-loom weavers might be affected by having an import duty on foreign yarn, especially on yarn that comes under the class of finer counts, namely, above 40's. Well having taken that into consideration, I am quite prepared if it comes to that to accept the amendment of which notice has been given by my friend. Mr. Naraindas Girdhardas, excluding or exempting from duty yarn above 40 counts, so that we may not hit the hand-loom industry in India, which would be hard hit if the import duty was raised. But in regard to the lower counts I can see no justification for Government exempting them from duty. I want to draw the attention of this House to the fact that the effect of exempting yarn from duty has been appalling in as much as Japan has found entrance into our market, and Honourable Members will be surprised to hear that while of the total yarn imported before the war, taking the average of the five years before the war, the percentage of Japan to the total yarn imported was only about 1 per cent. in the lower counts, it now comes after the war, in the year 1919, to 72 per cent. of the total yarn that is imported. Japan has

practically driven away, so far as the lower counts are concerned, the United Kingdom from the market. Japan takes away cotton from India; she manufactures yarn out of that cotton and has been able to a very large extent to kill our yarn market in China ; and Japan with yarn manufactured out of our cotton is competing unfairly with our yarn market in India. Now this is very unfair. It uses India as a dumping ground for its yarn. Probably Honourable Members are aware that Japan at present is in very great difficulty about money, and would sell these articles at any price ; but I want to draw the attention of members to this fact also that while yarn manufactured in Japan is allowed into India free of duty, what is the treatment that Japan gives to our manufactures, or for the matter of that, to the manufactures of other countries ? There is a 30 per cent. duty on articles that are manufactured in India or elsewhere, manufactures of cotton.

It will not allow its own people to use articles manufactured elsewhere without making them pay a 30 per cent. duty on them. As a matter of fact, it is pointed out in one of the leading papers called the *Japanese Chronicle* that there is not a single article which comes from outside to Japan, which is not made to pay a duty. Now I want the Members of this House to consider, that while in India we have restrictions on the hours of working and while there is a Factory Act which also imposes certain restrictions on the production, there are no such restrictions in Japan. Japanese factories are allowed to work for 22 hours if they want to. Japanese factories are backed up whole heartedly by the Japanese Government, and if in spite of the fact that Japan gives us a very bad treatment, so far as our manufactures are concerned, we were to allow Japan to use India as its dumping ground so far as its yarn is concerned, we would not only be making our industries suffer, but we should be making ourselves instrumental in creating very dangerous ambitions in the minds of the Japanese people. Indians who have returned from Japan have told us that Japan, looks upon India as a store-house, that so far as raw materials are concerned, Japan has simply got to advise her representatives here and they get any article that she wants free of duty. They take away all our raw materials free of duty, and taking away our cotton, Japan manufactures yarn and sends this yarn to India to kill our market here. Now, if we have this import duty on foreign yarn, as I have already made it clear, we should be able to get a very large revenue to the extent perhaps—even if you take the reduction in the quantity of yarn that might fall into consideration and

also the quantity of yarn above 40's—I think the revenue would amount to about Rs. 35 to Rs. 40 lakhs. Now that is not a small sum in this year of financial stringency. It may be that my Honourable friend Mr. Innes, might get up and say that this is a question which may best be referred to the Fiscal Commission that is to be appointed, but I do not want to insist on this as a protective measure. That certainly will be decided by the Fiscal Commission and we shall probably have to act upon their recommendations. But for our revenue purposes, we should be justified in imposing a duty on foreign yarn which hits surely Japan more than any other country, especially when the imposition of a duty is going to contribute to the commercial welfare and to the promotion of the industries of India. The consumer will not at all be hard hit, because our mills have the capacity to produce any quantity of lower count that this country is in need of, and our mills can also meet any amount of demand from the hand-loom weavers of this country. I think, Sir, we shall be well advised in transferring this item, No. 22, dealing with cotton twist and yarn to No. 97 of part IV of Schedule II of the dutiable articles, as by so doing it will bring us a large revenue, it will help our industry, and it will prevent Japan from using India as its dumping ground, killing its trade in China, killing its trade in India, and creating in the minds of its people ambitions of a very dangerous character. Sir, I commend this resolution for the acceptance of this house.

MR. C. A. INNES : Sir, in dealing with this motion, I am much in the same position as the Honourable Mr. Hailey when he dealt with Mr. Price's motion about silver. My friend, Mr. Jamnadas Dwarkadas has come to us and said, " we are very hard up, here is yarn, by putting on a 11 per cent. duty we can make Rs. 50 lakhs or Rs. 60 lakhs of revenue." Well, Sir, that is an attractive proposition to us in these days,—so attractive that when I was talking to a friend of mine from Bombay the other day, he said to me, " what is the reason why the Government of India have not made this proposal already. Is it not a fact that there is some secret treaty with Japan?" Well, Sir, there is nothing so mysterious nor so exciting as this. This proposal was suggested and was considered, and I will read a short marginal note which I made myself on the file : " I would not remove cotton twist yarn from the free list. An import duty would hit the hand-loom industry every hard." There, Sir, is the whole secret. Now, it is not as if we were proposing to transfer yarn to the free list. Yarn has been on the free list now for five and twenty years, and it is part of our traditional policy to keep yarn on the

free list. The reason why in 1896 it was transferred to the free list was to assist the hand-loom industry. The reason why we did not think it advisable to place a 11 per cent. duty upon this yarn was simply and solely in the interest of the hand-loom industry.

Now, Sir, I will take first Mr. Jamnadas' argument based upon protection. He tried to make our flesh creep by pointing out how dangerous the competition with Japan in the matter of yarn was. Well, Sir, all I can say is that figures do not support that contention, at any rate, not to any extent. The production of yarn in India since 1912-13 has never been less than 615 million lbs. in a year, and in one year it rose to 722 million lbs. Now, in the same period the imports of yarn have never exceeded 50 million lbs. and in 1919-20 they were only 15 million lbs. There you have the figures. On the one side, you have a production which has never been less than 600 million pounds and on the other side, you have an import which has never been greater than 50 million lbs. Now, that does not look as if the Indian mills have very much to fear from foreign competition. But, Sir, Mr. Jamnadas Dwarkadas went on to say that whereas before the war Japan had a very small share of our trade in yarn, since the war her share in the yarn trade has risen to 72 per cent. It is perfectly true that in 1918-19 the imports of yarn from Japan, for some reason with which I am not acquainted, rose enormously. In 1917-18, the imports of yarn from the United Kingdom were 15 million lbs. and from Japan 4 million lbs. In 1918-19, the imports of yarn from the United Kingdom were 9 million lbs. while those from Japan rose to 27 millions lbs., but let us take the figures,—and this is the point which I wish the House to realize—let us take the figures for the following year 1919-20. What happened then? The imports of yarn from the United Kingdom were 12 million lbs. and how much was the import from Japan? 1,900,000 lbs. (one million nine hundred thousand); therefore, there is a drop from 27 million lbs in 1918-19 to 1,900,000 lbs. in 1919-20.

It is perfectly true that in the current year, 1920-21, the imports of yarn from Japan and from the United Kingdom have both increased. They have increased for reasons with which we are all aware. In the early part of 1920-21, the exchange value of the rupee was very high; consequently large orders were placed everywhere, and we have been getting large quantities of yarn in response to these orders. But the large increase in imports of yarn in 1920-21 is due to temporary causes.

I doubt very much whether it is a permanent phase, and I doubt very much whether the cotton industry in Bombay has much to fear from anybody, from Japan, the United Kingdom or anybody else. The cotton industry—and long may it remain so—is in an extraordinarily strong position. I read out to you just now the dividends that have been paid during the last year. I can read out to you a statement of the reserve funds of these mills ; in most cases, there are reserve funds very much greater than their paid-up capital. The mill industry is, I think, in an impregnable position, and from the point of view of protection, I do not think that we can justify an import duty. I do not think that we should be justified in introducing this new feature into our tariff policy at any rate until this Fiscal Commission has sat and has reported and until we have had time to consider a proposal which may have very grave consequences for one of our most important industries.

Now, Sir, I turn to another aspect of the question, namely, the hand-loom industry. We know, Sir, that most of the yarn, the high count-yarn, which comes into this country, is used almost entirely by the hand-loom industry ; it is hardly used in the mills at all. Now, Mr. Jamnadas Dwarkadas has tried to stymie this argument by suggesting that he is quite willing to confine his proposal to tax yarns to yarns of 40 counts and below. I will assume, therefore, since the House knows that high count yarns are not spun in this country and since the hand-loom industry is dependent upon imports from foreign countries for the high count yarns that it requires, that the House will accept that suggestion of Mr. Jamnadas Dwarkadas and will not accept the proposal of tax at any rate yarns above 40's.

But I now come to the proposal to tax yarns below 40's. I have got some figures here showing the production of yarn below 40's in this country and the import of those yarns. We will take yarns from 1's to 10's and from 11's to 21's. In 1919-20, there were 431 million pounds of yarn of these counts made in this country and 458,000 pounds were imported from abroad. Now, is there any necessity to tax the small amount of yarn that comes in ? Of 21's to 30's, 183 million pounds were made in the country, 1 million pounds were imported, of 31's to 40's 17 million pounds were made in the country, 6 million pounds were imported. Now, Sir, I say that while our mills do not require protection even in respect of these low count yarns, these imports of low count yarns perform a very useful function for the hand-loom industry. They help to regulate

the price, and if we do not import these low count yarns, the hand-loom industry will be entirely in the hands of the mills. Now, Sir, these mills have been making very high profits during the last two years. I do not grudge them those profits, and the stronger and more powerful the cotton industry becomes, the better I am pleased. But, Sir, we have had, in my Department of the Government of India, appeals on more than one occasion, from the consumers in this country that we should place in operation the Cotton Cloth Act in order to keep down the price of the cloth sold by these mills to the Indian consumer. We have always resisted these appeals because we are strongly opposed to artificial restraints on trade. But it is a different proposition to come to us when we are getting these requests, and to say, 'you must give us an additional advantage by removing the safeguard which the hand-loom industry has now in these free imports of foreign yarn.' I do not think that these free imports do the mill industry any harm; they serve to protect the hand-loom industry and they act as a check on the prices charged by the mills in India. Now, I have a very considerable sympathy with the hand-loom industry, for two years I was Director of Industries in Madras where the hand-loom industry is numerically a very strong one. When the Indian Industries Commission reported, it estimated that in India there were between 2 and 3 million hand-looms at work. It estimated that the value of the output of these hand-looms was not less than Rs. 50 crores. I saw only two or three days ago in a Calcutta paper an estimate by Mr. Hoogewerf of the Serampore Weaving School in Bengal, of the value of the products of the hand-looms; he places their value at Rs. 90 crores. Now, Sir, I think the House will realize that an industry of that magnitude requires some consideration from us. Moreover, from my experience as Director of Industries in Madras, I know what a hard time this hand-loom industry has to keep its head above water. At one time I tried to assist some of them by supplying them with yarn and buying their cloth. I ascertained that a family of 2 or 3 working say, anything from 10 to 12 hours a day, could at the most make from Rs. 15 to 20 a month. The hand-loom industry has the greatest difficulty in maintaining itself against the mills, and I do not think that this House, not at any rate until the Fiscal Commission has had time to inquire into it, should accept this proposal and should tax the imports of yarn.

MR. NARAINDAS GIRDHARDAS: Sir, if you will permit me, I will move Amendment No. 34, which stands in my name, and which Mr. Jannadas Dwarkadas has accepted

THE HONOURABLE THE PRESIDENT: The amendment in the name of Mr. Dwarkadas proposes to transfer the words to another item altogether. The Honourable Member proposes to do quite a different thing.

MR. NARAINDAS GIRDHARDAS: If you will read No. 77, you will see that it amounts to the same thing.

THE HONOURABLE THE PRESIDENT: The Honourable Member's amendment would make the Schedule read,—'Cotton twist and yarn of counts 40 and below.' Mr. Jamnadas' amendment would make it read 'cotton sewing or darning thread,' which is something quite different.

MR. JAMNADAS DWARKADAS: If I may be allowed to explain, Sir, I accept the amendment that has to be moved by Mr. Girdhardas; my motion is practically the same as his. I did not exclude in my amendment at first counts above 40, but in my speech I said that I would be prepared to accept his amendment and would exempt from duty all counts above 40. It comes to the same thing.

THE HONOURABLE MR. W. M. HAILEY: Might I suggest, Sir, that it would be simplest if the House voted on No. 33 and then considered separately Mr. Girdhardas' amendment?

THE HONOURABLE THE PRESIDENT: I have just told Mr. Girdhardas that we should deal with Mr. Jamnadas Dwarkadas' amendment first.

MR. NARAINDAS GIRDHARDAS: It amounts to the same thing.

THE HONOURABLE THE PRESIDENT: It does not amount to the same thing unless Mr. Girdhardas wishes to move his amendment as an amendment to Mr. Dwarkadas' motion. That is a different thing.

MR. N. M. SAMARTH: Sir, I submit that the result of the two amendments is just the same. I wish to point out, Sir, that if from the articles which are free of duty you drop 'cotton twist and yarn,' then, according to Mr. Jamnadas' Resolution, it will come necessarily under No. 97 of Schedule II, Part IV. But the same result will be obtained if the other amendment is accepted, namely, cotton twist and yarn excluding counts 40 and below. If you refer to 97 of Schedule II, part IV, you will see that it refers to all other sorts of yarns not otherwise specified. So the ultimate result is the same.

THE HONOURABLE THE PRESIDENT: Then Mr. Jamnadas Dwarkadas should withdraw his amendment.

MR. JAMNADAS DWARKADAS: I am quite prepared to do that, Sir.

The amendment was; by leave of the Assembly, withdrawn.

MR. NARAINDAS GIRDHARDAS: Sir, the amendment which stands in my name runs as follows:

'That in item 22 in part I after the word 'Yarn,' the following words be added excluding counts 40 and below.'

The object of my amendment is to impose an import duty on yarn of counts 40 and below, whereas Mr. Dwarkadas' amendment proposed to impose a duty on yarns of all descriptions.

My reasons for moving my amendment are these. At present we are not manufacturing yarn of higher counts to a very large extent in this country to satisfy our own demands. We manufactured 45 lakhs lbs. of yarns of finer counts during the year 1918-19 and we imported 1 crore 7 lakhs lbs. of yarn of higher counts during the same year. Another important point in favour of my amendment is that many persons in this country are engaged in the hand-loom weaving industry, more especially in the south, and they use higher counts as a rule and if we impose a tax on yarn higher than counts 40 it will seriously affect that industry. The imposition of a tax of that description may be deferred to some time later, when conditions become more favourable; but it would, in my opinion, seriously handicap the hand-loom weaving industry in this country if the tax is imposed at the present time.

I do not agree with the Honourable Member Mr. Innes when he says that taxation on imported yarn would affect the hand-looms in this country. The hand-looms are not in a position to compete with machine made cloths, so far as the coarser cloth is concerned. They are able to manufacture cloth from the higher counts and the mills do not manufacture such fine clothes to a very large extent. Therefore, we see there is very little competition between Indian mills and the hand-loom industry so far as the production of finer clothes are concerned. If we tax the lower counts, it will be helping our own industry; it will give stimulus

to the mills which will produce more yarn in the country to satisfy our own demands. Further imposition of a tax only on yarns of counts 40 and below will not entail a greater loss of revenue than what the Government would realize by taking yarns of all descriptions, because seven-tenths of our total imports in 1918-19 were of counts 40 and below.

With these few words I commend this amendment to the House for acceptance.

MR. J. CHAUDHURI : Sir, in the interest of the weavers in Bengal. I rise to strongly oppose this amendment. There are large hand-loom industries in the 24-Parganas, Dacca, Shantipur, Pabna, Faridpur, Comilla and other places. Those who weave cloth of a higher count, use finer counts above 40, but for the use of poorer people they use lower counts for making coarser dhuties, saris, lungis, also cloth for covering themselves, bed-sheets or cloth for bedding. They use also lower counts for other industrial purposes such as the manufacture of fishing nets. The lower counts of yarn is also used for making socks and undervests all over Bengal where knitting is a very popular and rapidly growing industry.

Now, we have a serious grievance against the mill-owners all over India. They regulate their prices not according to the cost of production but by reference to the price of imported goods. We have also noticed that during the war, cloth could be manufactured by hand at, say, Rs. 4. The mills, although they could manufacture it at a lower cost, were charging a higher rate simply because the supply of imported cloth had fallen off and the prices had risen. They knew that the hand-looms could not supply the demand of the market and they put up the prices to the hand-loom rate for coarser cloth and even higher. The benefit of not imposing any duty on yarn of lower counts is that it will tend to regulate the price of yarn manufactured by the mill-owners in India by foreign competition. The import of coarser counts is only a fraction of what is manufactured and consumed in the country. As for finer counts the local mills cannot manufacture them to any extent and any duty on them will kill the hand-loom industry. Complaints have been made by hand-loom weavers and the people—who are the general consumers—that mill-owners are making on an average cent. per cent. profit and are accumulating reserve amounting to the original subscribed capital. If they continue to do so, the Government should interfere and introduce profiteering legislation. The super-tax practically gives them a license for profiteering. The first

duty of Government is to protect the poor and not to encourage profiteering for raising taxation by means which recoil on the poor. That is the sentiment in the country amongst those who think and feel for the poor. As for yarns the result of leaving them free will be to keep in check any abnormal raising of prices of yarn manufactured by mills in this country. In the interests of hand-loom weavers all over India who manufacture both fine and coarse cloth and the manufacturers of nets and other articles made from coarser yarn, I must strongly oppose this motion.

SRIJUT DEBI CHARAN BARUA Sir, I fully endorse all that has been said by my Honourable friend, Mr. Chaudhuri. The part of India from where I come, namely, the Assam Valley, is full of hand-loom, and there is not a single household in which there is not a hand-loom. Whether he is a prince or a poor peasant, there is sure to be found a hand-loom in the house, and they always depend upon imported yarns; and when there is a dearth of imported yarns, there is sure to be a hue and cry and the prices invariably go up, and the Indian mills do not help us in the least. So, it will be quite against their interests to impose an import duty on imported yarns. The weaving industry is in full swing throughout although the spinning industry is dead, and until and unless the spinning industry can be revived, there should not be any imposition of import duty on imported yarns, whether they come from the United Kingdom or from any other part of the world. At the same time, we see that the Indian mills are profiteering. We have heard Mr. Innes read out that some mills made a profit of more than cent. per cent. and then, in the face of that, they sell their products to the consumers at no cheaper rates, so that it is very objectionable that any further help should be given to these profiteers in the shape of protective laws in the matter of import duties. Considering these circumstances, I beg to oppose the motion.

DR. H. S. GOUR : I move, Sir, that the question be now put.

THE HONOURABLE THE PRESIDENT : Do you accept it ?

MR. C. A. INNES : I opposed the amendment moved by the gentleman opposite, and I said all I had to say in reply to Mr. Jamnada-Dwarkadas.

THE HONOURABLE THE PRESIDENT : The question, is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The question is :

'That in item 22, after the word 'Yarn,' the following words be added 'excluding counts 40 and below.'

The amendment was negatived.

SUGAR AND MOLASSES.

MUNSHI MAHADEO PRASAD : Sir, the amendment that I have proposed runs :

'To raise the import duty on item 35, that is, sugar and molasses, from 15 per cent. proposed by the Finance Member to 25 per cent.'

My reason for moving this amendment is that this sugar which is imported into India by foreign countries, its import should pay us the revenue of which we are in need. The estimate of the Honourable Mr. Hailey is that we shall get Rs. 65 lakhs from this item if we raise the import duty from 10 per cent. to 15 per cent.

If we raise the duty from 10 per cent. to 25 per cent. we shall be making one crore and eight lakhs of rupees. We have to find out ways and means of reducing the freight on coal, fodder and other things, and if we raise the import duty, we shall not be able to reduce the rate of freight on railways.

Now, Sir, the second reason is that by reducing the duty we shall be encouraging the indigenous industry of refining sugar in this country. The next point is that the rural population of India will not suffer in the least because they do not use refined sugar such as others do. It will provide labour in the villages for the villagers. We might remember that before 1882 sugar was refined in one or two villages apart. By Act XI of 1882 the import duty on sugar was removed and large quantities of sugar began to be imported into India.

Up to 1894, sugar was still imported into India free and during the period of 12 years from 1882 the industry of refining sugar in India had nearly died out. It was in 1894 that a duty of 5 per cent. was levied on the import of sugar and then it was raised to 10 per cent. in 1916.

When the increase of the duty on the import of sugar was under consideration in the Legislative Council in 1916, this is what the Honourable Mian Muhammad Shafi said:—‘I welcome the enhanced tax proposed to be levied on sugar and tobacco as calculated to protect our indigenous sugar and tobacco industries.’

If we analyse the figures up to 1914 by looking at the statistics on record, we find that Java, Mauritius, Austria-Hungary, United Kingdom, Egypt, China, Hong Kong, Straits Settlements, Germany and other countries, including Japan, used to import sugar into this country. Now, further, in the notes of the Honourable Mr. A. C. Chatterji, I find that the following places were concerned with the sugar industry in the United Provinces: Saharanpur, Muzaffernagar, Meerut, Bulandshahar, Farukhabad, Rohilkhand Division, Sitapur, Hardoi, Kheri, Fyzabad, Sultanpur, Barabanki, Gonda and, I may add, Balia, Benares and Gorakhpur Districts. The Government finding that this industry began to die out, they helped them on by granting sums to them.

Now, Mr. Haidie, the Deputy Director of Agriculture in the United Provinces, has dealt with this subject in his book and it makes interesting reading.

In Bihar, Bengal and Assam, the sugar industry used to flourish in times of yore, and I believe that in the Punjab and the Central Provinces the refining of sugar used to be an industry. However, with the advent of the foreign sugar into India, the industry in this country began to decay, and, in my opinion, it should be revived again. The figures which I have got from the Government statistics are as follows. They are to be found in the 9th issue of the report of Commercial Statistics, Volume I. In 1909-10, we imported sugar to the value of 11 crores and 52 lakhs and in 1918-19, it was 15 crores and 61 lakhs. Now, Sir, I submit by importing such large quantities of sugar into the country, these large sums of money were drained out of the country and very little revenue was received. If we raise the duty on the import of sugar we shall be making a provision for definite ways and means of meeting our present deficit. When I examine the figures in weight, I find that in 1916-17, the sugar imported was 1·2 crores of hundredweights and in 1917-18, it went up to 1·5 crores of hundredweights. The revenue that was derived from import duties was Rs. 19,85,738 in the year 1918-19. Thus from the point of view

of revenue as well as from the point of view of encouraging the sugar industry of India, we must levy a duty on the import of sugar, at least and not lower than 25 per cent. to begin with.

Now, Sir, it may be said that the sugar will become dear and will not be within the reach of all in all the provinces. I beg to submit, Sir, that in the villages which have the greatest part of the population, very few persons use this refined sugar from foreign countries. They will be contented with the raw sugar that they use. Now, Sir, the rates of sugar would not rise because of this import duty. If I am correct in analysing the situation it is the middle-men who raise the price of goods, and not the import duty. There should be a principle for the levying of import duty in the interests of the country we should levy the duty to have the revenue to meet our own demands. I was reading only the other day a book in the other room of this building which is entitled 'Where to find your law' and there I found that in England in order to have the import duty on tobacco to increase the revenue of the State, it was forbidden that tobacco should be cultivated in England. I beg to submit, Sir, that all these factors ought to be taken into consideration when levying an import duty on imported goods. I beg to submit, Sir, that in order to encourage our own industry we should raise the duty to at least 25 per cent. as I have submitted in my amendment. Now, Sir, I find from studying the figures that by raising the duty to 25 per cent. something will be made. Even, Sir, if the import may decrease to some extent, the figures given by the Finance Member will be available. With these remarks I beg to commend this amendment for the favourable consideration of this House.

MR. C. A. INNES : Sir, I think that I shall be interpreting the sense of the House if I deal with this amendment very shortly. Mr. Mahadeo Prasad bases his proposal on two grounds. In the first place, he says that he wants revenue. He says that because by raising the duty from 10 to 15 per cent. we hope to make 65 lakhs, therefore, by raising the duty to 25 per cent. we shall make considerably more than a crore. Well, I deny that assumption altogether. We shall set up at once the law of diminishing returns and if we pitch our duty too high we shall lose revenue. I do not think there is any doubt about that. Now I must confess that I was rather doubtful whether we were justified in raising the duty on sugar, at all. The price of sugar, as everybody in this House probably knows, is extraordinarily high. It is very high, because there is at the present time a world shortage of sugar and that world shortage of sugar, when we get down to bed-rock, is due to the fact that the beet crop in Europe has been seriously diminished during the war. The price of sugar was so high that we had appeals

during last year to stop the export of sugar. We were unable to meet these appeals because, had we done so, we should have stopped a transit trade. The danger is that if we raise the duty to 25 per cent. we shall stop our supplies. There is a world shortage of sugar. There is not enough sugar to go round. If we make the price of sugar so high that people cannot afford to buy it in India, that sugar will go elsewhere.

The second argument raised by Mr. Prasad was, that we should raise the duty to 25 per cent. in order to give the Indian industry a chance. Well, Sir, we have a 15 per cent. duty on sugar now—at least we ask the House to agree to a 15 per cent. duty—and it seems to me that a tariff rate of 15 per cent. should give the Indian industry a very fair chance of progressing.

I must also remind the House that a Sugar Commission has just sat. When that Commission's report is received and considered, such action will be taken as is possible to improve the sugar industry. But I do not think that we should anticipate the action on that report by adopting this proposal. The only effect of it will be that we shall make a necessary of life, an article which enters into common consumption, which is already extraordinarily dear, dearer still. The price of sugar is now two or three times what it was at the beginning of the war, and I do not think that this House should agree to any action which would drive up the price of sugar still further. I doubt very much whether we shall get any more revenue by adopting this proposal, and I think that the House will be well-advised if it does not agree to the proposal.

MR. A.D. PICKFORD : Sir, I will not detain the House for more than one minute. There is not the slightest doubt that if Munshi Mahadeo Prasad's proposal is accepted, the firm in which I am interested will almost immediately make more money than it is making now, and, therefore, I think you will regard me as completely disinterested when I say that I am entirely opposed to this suggestion which has been made. It is perfectly true that it will drive up the price of sugar and the extra price of sugar we shall take out of the Indian consumer. That is not the desire at all of those who think that a reasonable percentage is legitimate. The desire of those who think in that way is that the manufacture of sugar in this country shall be increased and that the manufacturers shall get their profit on sugar manufactured as the result of that increase, and not out of the pockets of the inhabitants of India who are already paying a very high price, as Mr. Innes has pointed out for what is a necessity of life.

MR. HARCHANDRAI VISHINDAS : I made a suggestion, Sir, to cut short the debate. Mr friend, Munshi Mahadeo Prasad, has already been told that he will not receive the support of the House, and I would therefore ask him to withdraw his motion at once.

(Several Honourable Members at this stage asked the Honourable Member to withdraw the motion).

MUNSHI MAHADEO PRASAD : One minute, Sir. In view of the fact that hope has been extended to the House that action will be taken on the Sugar Commission's report, I beg to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

MATCHES.

MR. B. VENKATAPATIRAJU : I move motion No. 51, Sir. This is regarding matches :

'That item No. 44 be omitted altogether or in the alternative: [Schedule I page 6.]

'In item No. 44—Matches, the words 'containing not more than 75 matches' be omitted, or in the alternative, the figures '90' be substituted for the figures '75.'

MR. C. A. INNES : May I interpose for one moment with your permission, Sir? It will perhaps save time if I say that Government are prepared to agree at once to the limit of matches per box being fixed at 100.

MR. B. VENKATAPATIRAJU : Then, I do not press my amendment, Sir.*

BHAI MAN SINGH : We have not followed the Honourable Member.

THE HONOURABLE THE PRESIDENT : The Honourable Member will hear in a moment.

The question I have to put is :

'That in item 44 for the figures '75' wherever they occur, the figures '100' be substituted.

*Vide Note on page 141

The question, is, that that amendment be made.

The amendment was adopted.

DUTIES.

MR. R. A. SPENCE : All previous proposals made in this Assembly for increasing the revenue of this country have been defeated, and I wonder if my amendment No. 64, namely :

'That for the heading 'articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted :

'Articles which are liable to duty at 12½ per cent, *ad valorem* :
will suffer the same fate.

Judging from the temper of the House, I do not wish to detain the House by a long speech in support of this amendment. In asking for the support of the House and of the Government, I base my claim on similar lines to those made by defendants in libel case, where I understand the line of defence takes the following form ; first, there was no libel, secondly, if there were a libel, the defendant did not utter it, and thirdly, if the defendant did utter the libel, it is justifiable. Similarly I ask for a general customs tariff of 12½ per cent., because, firstly, if the Honourable Finance Member's anticipation of imports during the coming year be correct, the increase would give us an increase in the revenue of 1½ crores, and we know that further increases in revenue are greatly needed. Secondly, if our imports fall off from the figure estimated by the Honourable Member, the increase proposed may make up for the deficit which would otherwise occur. Thirdly and lastly, if the increase in customs check imports considerably, that is what we want. It would restore the balance of trade, and the rise in exchange would be of great value to the country and, I venture to submit, to the Finance Member in particular.

THE HONOURABLE MR. W. M. HAILEY : I propose to ask you to allow us to postpone this amendment until we see the result of our labours on the rest of the motions before the House. We shall then be able to say exactly where we stand as the result of what we have done to-day. This applies to both Nos. 64 and 65, though I may explain now to the House that it would be far more convenient to us, if we had to take an increase over 11 per cent., to take 12½ per cent. instead of 12.

The motion :

‘That the amendment (No. 64) proposed be postponed.’

was adopted.

The motion :

‘That the amendment† (No. 65) proposed be postponed.’

was adopted.

MR. M. K. REDDIYAR : My amendment is the same as that of the Honourable Mr. Spence, Sir (No. 76).‡

THE HONOURABLE THE PRESIDENT : Does the Honourable Member wish to postpone it ?

MR. M. K. REDDIYAR : Yes, Sir.

THE HONOURABLE THE PRESIDENT : The amendment is :

‘That from part IV omit item No. 97 altogether and insert it in a separate part headed ‘Articles which are liable to duty at 12½ per cent. *ad valorem*’ and re-number the other items and parts accordingly.’

The question is :

‘That the consideration of this amendment be postponed.’

The motion was adopted.

* * * * *

ARTICLES LIABLE TO *AD VALOREM* DUTY.

MR. R. A. SPENCE : Sir, I think that the few words which I said to the House might still be in their memory and, therefore, there is no necessity for me to go over the matter again and I, therefore, merely formally move :

† ‘No. 65. That in the heading to part IV of the said Schedule for the figures and words ‘11 per cent.’ the figures and words ‘12 per cent.’ be substituted.

‡ “From part IV omit item No. 97 altogether and insert it in a separate part headed ‘Article; which are liable to duty at 12½ per cent. *ad valorem*’ and re-number the other items and parts accordingly.’

'That in Schedule I for heading 'Articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted 'Articles which are liable to duty at 12½ per cent. *ad valorem*.'

THE HONOURABLE MR. W. M. HAILEY: Sir, the House will very well understand the struggle within my breast. I believe that the House would give me that 12½ per cent. if I asked for it now and I believe that, if I got it, my position would be much securer; I might look those complicated and sometimes embarrassing statements regarding our balances which come to me once a week, I might look them in the face with a great deal more confidence. But, at the same time, I am bound to admit that I believe that the taxation which the House has already passed will give us what we asked for on the 1st of March, and I am therefore not justified in asking for this addition to our resources.

THE HONOURABLE THE PRESIDENT: the question is:

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted.

'Articles which are liable to duty at 12½ per cent. *ad valorem*

MR. E. L. PRICE: Sir, I was under the impression that this was going to be put to the vote, but now I understand that the Honourable Member who proposed this is willing to withdraw—(Cries of 'No,' he is not—') Well, his friends will not allow him to do so. I do appeal to this House, a House which has this morning rejected a tax on a luxury or a quasi-luxury* that would have brought in a crore of rupees, that, contrary to the wish of the Honourable the Finance Member, it should *not* impose extra and unnecessary taxation in a Schedule which covers a large number of articles in daily use and in fact of universal necessity.

†MR. N. M. SAMARTH: Sir, I have my doubts as to whether the estimates which we have had from the Honourable the Finance Member as to the revenue will be realized. He has taken one shilling and eight pence as his average of exchange. I have my doubts whether he will be able to realize in the course of the year that average. If he is not able to realize that, the revenue will fall short of his expectations, and it is on that ground that I strongly support this motion to raise the duty from

* Silver.

†NOTE.—It appeared the question was being put to the vote without further discussion. Hence my hasty intervention. E. L. P.

11 to 12½ per cent. People may sometimes think that, where the Honourable the Finance Member is not willing to raise it, it is none of our business to ask him to do so. Why should we raise it? I beg of you to take it from me that it is not my desire to make the country pay more than what the Finance Member would have to ask it to pay in the larger interests of the Country. But you must also remember that a reference was made to what is called the Lancashire agitation and I should not be surprised if the Honourable the Finance Member is fighting shy of an agitation of that character being set up in England. Whether he is or is not, I should strongly advise this House, to come to his rescue in spite of himself and raise the duty from 11 to 12½ per cent. in order that his estimate of one shilling and eight pence, which is not, I am afraid, going to be realized, may not land us in another difficulty.

LALA GIRDHARILAL AGARWALA : Sir, one additional reason why I want to press that the duty of 12½ per cent. may be accepted is that I have had an informal conversation with some of the Members of the Council of State and they think that some of the rates, for example on letter postage, should be reduced. And it would be very convenient to the Honourable the Finance Member, when the Bill goes to the other House, to have a little more in his pocket.

I therefore submit, Sir, that this Honourable House should accept the proposal and leave some room for reduction in other items.

MR. J. CHAUDHURI : Sir, I beg to oppose this motion. I have already said that piece-goods manufactured in this country go up in price according to rises in the price of imported goods. I do not desire that piece-goods should further go up in price. Some people have said that fixing this duty at 12½ per cent. will make calculation easy, because that will work out to two annas in the rupee. But knowing the practice of shop-keepers we know that if we raise the duty to 11 per cent., they will realize from their customers 12½ per cent. But if we fix the duty at 12½ per cent. they will very likely, instead of putting an additional two annas on the rupee, put up the prices by three annas. So I think this fixing of the duty at 11 per cent. will put a check on the ordinary traders in raising the value of the goods by more than two annas in the rupee. As it is, we know by going round the market for buying things that these petty shop-keepers have put up their prices all round. A friend of mine,

a member of this House, went to buy biscuits and was told by a shop-keeper only yesterday—'Don't you know, the Sirkar has imposed 50 per cent. duty on this thing, so I want 50 per cent. more.' So if the duty is fixed at $12\frac{1}{2}$ per cent. unscrupulous traders will take great advantage of it, whereas the fixing of it at 11 per cent. will put a check on the further raising of prices, either by the Mills or by the traders, and for that reason I oppose this motion.

SIR P. S. SIVASWAMY AIYER : Sir, with all respect to the gentlemen who have moved this Resolution and spoken in support of it, I must confess that it sounds to me very strange and incomprehensible. The Honourable the Finance Minister told us that he would be quite satisfied with the rate of 11 per cent. which he had proposed and that it would bring him in all the revenue that he wants for the requirements of the year. Now we propose to offer him an extra $1\frac{1}{2}$ per cent. and thereby increase the burden on the consumer and put more money into the pockets of the Government to pursue a policy of extravagance, or if you would like so to call it, profligacy, by increasing the salaries of Government servants, increasing the staff and committing all those atrocities with which we generally credit them. Well, it looks to me very much like cutting off your nose to spite your face. The reason given by Mr. Samarth is this : The merchants of Manchester wish to interfere with our right to levy our own import duties, and for the purpose of making an emphatic assertion of our right we should tell them that we are going to raise it to $12\frac{1}{2}$ per cent.....

MR. N. M. SAMARTH : I rise, Sir, to offer a personal explanation. This is not what I said. I said, I wanted to.....

THE HONOURABLE THE PRESIDENT : Order, order.

SIR P. S. SIVASWAMY AIYER : Now, Sir, I do not think that that is a sufficient justification for raising the rate of tariff. I am sure that if necessary the Honourable the Finance Minister will get up now and assure us that at the back of his willingness to be content with 11 per cent. there is really no feeling of tenderness for Manchester, and no feeling of unwillingness to fight Manchester upon this point. I believe it is really nothing more than a perfectly justifiable and proper desire to protect the interests of the consumer and the tax-payer, and, therefore, I think it is our duty to support the Finance Minister's proposals and be content with the burdens which have been already laid and not be a party to

any increase of the burdens. If perchance the revenue that is anticipated from these sources is not equal to expectations, Government will, of course, come to us again with fresh measures ; but that is a thing which we need not anticipate now. I am perfectly certain that if you go to the country no one in your constituencies will thank you for this addition to the burden by $1\frac{1}{2}$ per cent. I would strongly oppose this Resolution.

CHAUDHURI SHAHAB-UD-DIN : Sir, I had no mind to speak on this motion, but as I find some difference of opinion among the members, I feel it my duty to say a few words. I strongly support the duty of $12\frac{1}{2}$ per cent. It was in this very Chamber, in this very House, that the other day we expressed to the Finance Member our desire to find money for building soon the new capital of India. It was in this very House that we discussed the necessity of developing Indian industries. It was on this ground that one of the Honourable Members of this House proposed an hour ago that the customs duty on sugar should be raised from 15 to 25 per cent. It is yet under consideration whether the Postal rates which were passed yesterday should, with the consent of the Government and of the President, be reconsidered. In view of all these considerations, I very strongly support the duty of $12\frac{1}{2}$ per cent. I do not think that Government, if they get a little surplus revenue, will become extravagant. I think we can rely upon the good sense and wisdom of our Finance Member. With these words, Sir, I support very emphatically the proposal to charge $12\frac{1}{2}$ per cent.

DR. NAND LAL : Sir, I confess, my experience, as a member of the legal profession, has never brought this sort of case before my eyes : the plaintiff demands a certain amount of money, and the defendant says : 'I am prepared to give more.' I have never heard of a case of this type. Here the Government put forward certain demands, based on certain rates, and this Honourable Assembly is going to suggest to the Honourable the Finance Member that we are prepared to give more. I ask the members of this Honourable Assembly, what answer will you give to your constituents if a question is put to you. What answer have you got ? They will say 'you have been putting burdens, yourself, upon our heads ; you have been giving money extravagantly ; Government did not want so much, you yourself induced Government to charge us so much.' On this ground I oppose the motion, which, I think, has been wrongly moved before this House.

MR. N. M. JOSHI : I rise, Sir, to oppose the motion for raising the import duties. It seems to me that in this Assembly the manufacturers and the industrialists are represented in a larger measure than they ought to be.

Sir, every one knows that the import duties will fall upon the consumers whose number is after all much larger than of those who will benefit by the Industries. Therefore, this Assembly which claims to represent the larger number of the people of this country should not support the motion that has been put forward. We do not want more money, the Government does not want more money, so why should we add to the revenues of the Government and give them an opportunity to spend more money when it is not necessary at the cost of the people of this country?

MR. JAMNADAS DWARKADAS : Sir, I have great pleasure in supporting the motion which has been proposed by my Honourable friend Mr. Spence. I cannot understand, Sir, the objections,—I may say with great respect,—raised by my Honourable friend Sir Siwaswamy Aiyer against the acceptance of the motion. Sir, when the Honourable the Finance Member proposed that a duty of 11 per cent. be imposed on all imported articles it was contended that, after all, the masses, the poorer classes, will not have to bear the burden, because the articles that are imported are not largely consumed by the poorer classes. Now when the question comes of raising a per cent. and a half more, the argument is adduced by the representative of labour in this Assembly that the poorer classes will be affected.....

MR. N. M. JOSHI : I did not say poorer classes at all. I said consumers.

MR. JAMNADAS DWARKADAS : Well, Sir, if that class of consumer is going to be affected which surely does not mind paying $1\frac{1}{2}$ per cent. more, more especially in view of the fact that his paying $1\frac{1}{2}$ per cent. more is going to give an impetus to the industries of this country, then I say this Assembly is justified in raising $1\frac{1}{2}$ per cent. more.

But, Sir, the other objection that was raised by the Honourable Sir Siwaswamy Aiyer and my Honourable friend Mr. Joshi was, why we should give more money to Government than it wants. I want to emphasise the cogent argument advanced by my Honourable friend Mr.

Samarth. The item of exchange is not a certainty, and at the end of the year we shall find ourselves in a very awkward position unless we have made provision by raising $1\frac{1}{2}$ per cent. But, Sir, I appeal to this Assembly on a ground which, I am sure, will carry weight with them. I am sure that there is not one member in this Assembly who does not believe in the growth of swadeshim in this country. I believe that there is not one member who would not, if he could manage it, use swadeshi articles so as to encourage all the Indian industries in this country. Well, if the profession is not merely in words but it is also in practice, then, I think it is incumbent on every member of this Assembly if he is a real swadeshi, to raise $1\frac{1}{2}$ per cent. more and not reject this motion.

MR. J. P. COTELINGAM : Sir, I rise to support the amendment, although there are a few cries here and there in the Assembly against it. The arguments advanced by my Honourable friend Mr. Samarth appeal to me as sound as they are based not for spiting Lancashire as alleged, but on his doubts as to whether the average of 1s. 8d. being realized by the Honourable the Finance Member. Well, if the Honourable the Finance Member assures this House that the average will be maintained throughout the year.....

THE HONOURABLE MR. W. M. HAILEY : No.

MR. J. P. COTELINGAM : The Honourable the Finance Member says he cannot give us an assurance to this effect. Therefore, Sir, I should like to see that some provision is made to meet unforeseen contingencies.

Sir, in the few remarks that I made on the Budget speech, I appealed to the Honourable the Finance Member to take into consideration the demand made by the country that some relief should be given to the holders of $3\frac{1}{2}$ per cent. and 4 per cent. securities. I also asked that the postal rates be not oppressively increased with a view to meet those demands, I then said that the import duties may be raised to $12\frac{1}{2}$ per cent. so that the necessary funds may be found. I therefore support the amendment.

DR. H. S. GOUR : Sir, I should not have thought that this House, which had treated this Budget with such severe parsimony in the earlier stages of its discussion, would exhibit a sudden outburst of magnanimity by raising the customs duties from 11 to $12\frac{1}{2}$ per cent. and presenting a farewell gift of Rs. $1\frac{1}{2}$ crores to the Honourable Finance Member, about

whom many words, quotable and otherwise, have been printed and spoken in connection with this Budget. Now, the more I see this great divergence in the views of the Honourable Member between the outset and now, the more suspicious I become as to what could have been the object in suddenly presenting the Honourable Finance Member with money which evidently he does not want. He says he would be glad to have the money ; I should be glad to have it too ; but that is not the question : the question is, has he demonstrated the necessity for this general taxation which will increase the price of all things in this country by at least $1\frac{1}{2}$ per cent ? A great many of my friends have made no secret of the fact that this rise from 11 to $12\frac{1}{2}$ per cent. is intended for the purpose of creating a protective wall against outside imports. Now, Sir, so far as we, the general public are concerned, we are not interested in the manufacturers of textile goods, we are not interested in the profits of the middle men ; we represent the general public at large, and our sole object at this present moment is to see whether this increase of customs duties from 11 to $12\frac{1}{2}$ per cent. is in the interests of that public.

Now, I submit, Sir, unless I am assured that the revision that this Assembly has made in the Budget involves a loss of Rs. $1\frac{1}{2}$ crores which has to be made good, I am not convinced that a *prima facie* case has been made out for raising the customs duties from 11 to $12\frac{1}{2}$ per cent. I have still to hear from the Honourable the Finance Member that this is the result of our general discussion of the Finance Bill, and I submit, Sir, that so long as we are not assured that this money is necessary for the purpose of tiding over this year of scarcity and famine, I should be most reluctant to vote one single pice more than the Honourable the Finance Member demands and needs. The Honourable Mr. Cotelingam conjured before himself the possibility of the exchange not being at 1s 8d. which figures in the Budget. I am no prophet in exchange matters, no more than the Honourable the Finance Member, and I do not ascribe to Mr. Cotelingam any greater infallibility in that respect.

It has been said *ad nauseam* that the Budget is a gamble in rain. It may be said with equal truth that the Budget is a gamble both in rain and in exchange. I therefore submit that we know absolutely nothing as to what course the exchange is likely to take any more than we know what will be the nature of the monsoon in the ensuing season ; and unless I am sure of both, I am not in a position to predict whether this Budget will be a budget of a surplus or of appalling deficit. We have no right to assume that our expenditure will be heavier than what has been bud-

getted for. Let us not present in advance a pessimistic picture to ourselves and mistake our real intention of enhancing the customs duties while we are about them, for the purpose of taxing the textile fabrics. Sir, I feel with the opening statement of the Honourable the Finance Member that the customs duty must be regarded as primarily made in the Budget solely as a fiscal measure intended for the purpose of raising the revenue. I submit that on no account should it be permitted to be distorted from its normal purpose by converting it into a protection tariff. This suggestion—the enhancement of the customs duty from 11 per cent. to 12½ per cent.—has manifested a clear desire that their intention is to create a protection for the whole of the textile industries to the detriment of imports that come from another border of the British Empire. I feel, Sir, that as a member of the British Empire, I have also a duty towards that Empire. Therefore, I say that while our duty is primarily to this country, we must not overtax the people on a mere possibility for the sake of meeting a contingency which may never arise. It is one of the principles of political economy which we learnt in our earlier days that taxation must be commensurate with the demands of the State. Here we have provided the Honourable the Finance Member with the sinews of war to the extent necessary for the ensuing financial year, and I submit no case whatever has been made out for raising this revenue—as some Honourable Members have said—to meet a possible contingency.

If such a contingency arises, I say there will be time then for this Assembly to act, but we have no right whatever to anticipate that time and I therefore submit that this Assembly should vote against the amendment moved by Mr. Spence on the short ground that no case has been made out for enhancing the customs duty from 11 to 12½ per cent.

MR. HARCHANDRAI VISHINDAS : Sir, may I propose that the Honourable the Finance Member do now reply to the question raised relating to exchange and then the debate be closed ?

THE HONOURABLE MR. W. M. HAILEY : Sir, the duty of the Finance Member is to prepare the best estimates he can and then to put before his Legislature the easiest and the fairest and the most equitable way possible of getting the necessary money. If, in the course of dealing with his proposals for expenbiture, the Legislature makes any changes in them which decrease the amount of the assumed expenditure, it is his duty to indicate to the Legislature the consequences that will be involved in regard to any proposal for taxation before the House. That, Sir, is what I have attempted to do. I put forward the best estimates I

could frame, and nothing has occurred since, save of course in so far as the House has varied our demands for grants which justifies me in saying to the Legislatures that these estimates must be modified. Take the item of expenditure first. I am bound by the votes passed by the Legislature. Some Honourable Members have suggested that if we had larger resources at our disposal, expenditure might be incurred under certain heads ; but we, as a Government, are bound by the votes which have been given to us, and, even if we found ourselves in possession of the most enormous windfall, we would not spend more money on these objects than the House has seen fit to vote. There is one item of expenditure, however, which I admit is uncertain, the item to which the Honourable Mr. Samarth has referred, namely the expenditure which will be incurred on account of any loss in exchange. That, Sir, was a doubtful item when I put it forward : I put it forward as a doubtful one and it remains a doubtful one. Exactly the same arguments apply now as applied then ; I do not now feel justified in asking the House to make a larger provision for loss in exchange, simply because the facts were so uncertain. I admit—to come to the other side of the account—the revenue side—I admit that I have had sometimes misgivings whether we have not pitched our estimates of revenue receipts too high. Many Honourable Members here, well acquainted with the state of trade and with far better capacity than I can ever possess for estimating its possible course for the next twelve months, have hinted the same that we have been unduly optimistic. If our estimates of receipts are not achieved, there will of course be a deficit. But there again, Sir, the factors are indeterminate ; and it would be altogether going beyond my proper functions if I were to say to this House that I have put forward estimates which are so uncertain that I must ask them to make a large extra provision to guard against any exigent happenings during the course of the year. Well, Sir, I have tried to give briefly what are the functions of the Finance Member and how I have tried to perform them. But I may say there is one thing always present in the mind not only of every Finance Member but, I think, of every Member of Government. Whatever the uncertainties before one may be in the course of the year, however, unpleasant it may eventually be to have to face a deficit, yet there is always one sound principle. Taxation is always to be deplored. And every Member of any responsible Government always try to keep taxation down as low as possible. It is because I have tried to do that I may possibly have put myself in a position of some slight risk—perhaps even, as some Members might here think, of considerable risk—of having to face a deficit. But, Sir, I would rather have to take risk of that nature than I would involve

myself in the certainty of imposing one pie more of taxation than I thought was immediately necessary.

MR. HARCHANDRAI VISHINDAS : Sir, I move that the question be now put.

MR. AMJAD ALI : Sir, I beg permission to say something. Since I have been attending this Budget discussion, nothing has appeared so shocking to me or so ridiculous to me as this amendment and the speeches in support of that amendment. Sir, since the Budget is being discussed here, the Honourable the Finance Member has been opposed and cried down that he has been taxing the people right and left and that the poor people will die of these heavy taxes. Now that it is about to be closed, I find a sudden outburst of charitable feeling on the part of certain Members of this House towards the Honourable the Finance Member. Sir, I fail to understand the wisdom of this amendment and the speeches in support thereof. I should only style that amendment and the speeches in support thereof as altogether ridiculous, and as a measure adopted to do a good deal of injustice to the poor people whom we represent. Sir, it is certainly our duty to represent our people and also to be of great help to the Government in the matter of revenue. No doubt about that. But at the same time we should bear in mind that we should do things either for the people or for the Government fairly and squarely. What strikes me most in this amendment, Sir, if I mistake not, is this, that the Honourable the Finance Member would be exceedingly pleased to hear the speeches of the Honourable Mover and his supporters, that they are going to give him some more money which he does not want. He will be very much pleased and say : ' Oh ! these Members are coming with money to help me. But they should bear in mind that he represents the Government and that it is his first duty to see that no slur is cast on the administration of Government. He knows it fully well that any amount of flattery, any amount of cajolery on the part of any particular member will not help him an inch. On the contrary, Sir, it will cast a slur on the administration and will give the people outside and the newspapers full opportunity to criticise the Government, to criticise the Finance Member, and also criticise the Members of this House as mercilessly as they have been doing since the creation of this Assembly. I therefore beg to submit to this House that we should not lend any support to this flattery. On the contrary, we should set our face against this sort of flattery.

At this stage several Honourable Members rose and moved that the question be now put.

THE HONOURABLE THE PRESIDENT: The question is that the question be now put.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question I have to put now is, that the following amendment be made:

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*,' the following heading be substituted:

'Articles which are liable to duty at 12½ per cent. *ad valorem*.'

The Assembly divided as follows:

AYES—21.

Afsar-ul-Mulk Akram.	Jejeebhoy, Sir Jamsetjee.
Barodawalla, Mr. S. K.	Keith, Mr. W. J.
Bhargava, Mr. J.	Man Singh Bhai.
Cotelingam, Mr. J. P.	Muhammad Ismail, Mr. S.
Dwarkadas, Mr. J.	Rajan Baksh Shah, Makhdum Syed
Ghulam Sarwar Khan, Mr. Chaudhuri	Ramji, Mr. Manmohandas.
Ginwalla, Mr. P. P.	Reddiyar, Mr. M. K.
Girdhardas, Mr. N.	Samarath, Mr. N. M.
Hajeebhoy, Mr. Mahomed.	Shahab-ud-Din, Mr. Chaudhuri.
Ibrahim Ali Khan, Nawab Muhammad.	Spence, Mr. R. A.
	Subzposh, Mr. S. M. Zahid Ali.

NOES—56.

Abdulla, Mr. S. M.	Bagde, Mr. K. G.
Abdul Quadir, Maulvi.	Bryant, Mr. J. F.
Ahmed, Mr. Zahir-ud-din.	Carter, Sir Frank.
Aiyer, Mr. A. V. V.	Chaudhuri, Mr. J.
Amjad Ali, Mr.	Crookshank, Sir Sydney.
Asjad-ul-lah, Maulvi Miyan	Dalal, Sadar B. A.
Ayer, Sir Sivaswamy.	Das, Babu Braja Sundar.
Ayyar, Mr. T. V. Seshagiri.	Fell, Sir Godfrey.

Gajjan Singh, Mr.	Misra, Mr. Pyari Lal.
Gidney, Lt.-Col. H. A. J.	Mudaliar, Mr. Sambanda.
Gour Dr. H. S.	Mukherjee, Babu J. N.
Gulab, Singh Sardar.	Mukherjee, Mr. T.
Hailey, The Hon'ble Mr. W. M.	Nand Lal, Dr.
Holland, The Hon'ble Sir Thomas	Nag, Mr. Girish Chandra.
Hullah, Mr. J.	Neogy, Babu Khitish Chandra.
Hutchinson, M H. H.	Norton, Mr. Eardley.
Ikramullah Khan, Mr. Mirza.	O'Donnell, Mr. S. P.
Muhammad.	Percival, Mr. P. E.
Innes, Mr. C. A.	Pickford, Mr. A. D.
Iswar Saran, Mr.	Price, Mr. E. L.
Jatkar, Mr. B. H. R.	Rangachariar, Mr. Tiruvenkata.
Joshi, Mr. N. M.	Rao, Mr. P. V. Srinivasa.
Kabraji, Mr. J. K. N.	Surfaraz H sain Khan, Mr.
Latthe, Mr. A. B.	Sharp, Mr. H.
Mahmood Schamnad, Mr.	Sircar, Mr. N. L.
Maw, Mr. W. N.	Veikatapa iraju, Mr. B.
McCarthy, Mr. Frank.	Vishidas, Mr. Harchandrai
Mitter, Mr. D. K.	Wag'orn, Colonel W. D.
	Watson, Sir Logie Pirie.

The amendment was negative.

MR MANMOHANDAS RAMJI : Sir, looking to the fate of the other proposition which has just been voted on by the Assembly, I am willing to withdraw my amendment.* But I have one statement to make. I put in this proposition not because I wish to raise a protective wall against foreign imports, but, as I had given two notices of motions to do away with the tax on matches and to reduce some other taxation, I therefore gave notice of this amendment in order to meet the deficit.

MR. M. K. REDDIYAR : Sir, I beg to move the amendment which stands in my name. It reads as follows :

* ' That in the heading to Part IV of Schedule I for the figures and words ' 11 per cent.' the figures and words ' 12 per cent.' be substituted.'

'That in Schedule I, from part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem* re-number the other items and parts accordingly.

Sir, I sent in this amendment in order to place more funds in the hands of Government in order that they should be able to help the Provincial Governments to do away with their contributions to the Central Government.

I move the amendment which stands in my name.

MR. E. L. PRICE : Is this in order, Sir ?

THE HONOURABLE THE PRESIDENT : I think it is in order because Mr. Spence's amendment was to substitute 'Articles which are liable to duty at 12½ per cent. for the 11 per cent., heading. The present amendment adds a new heading altogether. As the lesser was covered by the greater, the amendment moved by Mr. Spence was taken first ; but I do not think it excludes the amendment in the name of Mr. Reddiyar.

MR. N. M. SAMARTH : Sir, I beg to support this amendment. Apart from the reasons which I gave for the necessity of increasing the revenue so that Government may not be embarrassed by their calculations of one shilling and eight pence not being realized,—and so far as my calculations go, I am afraid, they are not likely to be realized,—there is another strong reason which has been referred to by the Mover of this amendment.

This House will remember that on a previous occasion I pleaded strongly for the 983 lakhs contribution which the Provincial Governments have to make to the Government of India being reduced as early as possible, as recommended by the Joint Parliamentary Committee. Unless the Government of India are placed in possession of sufficient fund, and not perpetually be in a position to make somehow the two ends meet there is absolutely no hope of any of these contributions being reduced or done away with. Bombay is a great sufferer in that respect. We in Bombay have a deficit and that deficit will go on increasing unless the heavy contribution we make under income-tax be removed or decreased.....

THE HONOURABLE THE PRESIDENT : Order, order. We are not discussing the destination of the money but the origin from which it comes.

MR. N. M. SAMARTH : My point, Sir, is that I justify this increase of revenue for the Government of India, on the ground that the Government of India may thereby be enabled to give the much needed relief to the Provincial Governments.

MR. B. VENKATAPATIRAJU : Sir, I would have been glad to support this amendment, but I cannot possibly furnish any reasons to tax the people to the extent of an additional sum of one crore. Who is after all to pay that amount ? If I could think that the Manchester people will pay the whole amount, I should vote for it. But after all, it is you and you alone who will have to pay the whole amount, and therefore it is impossible for us to go to the country as messengers of evil, saying that we have increased the taxation even when the Government do not want it. Sir, in any other country would the people's representatives ever care to offer more money or to agree to the imposition of additional taxation which the Government had not asked for. In this case we are in the unhappy position of offering more than we can afford. And we have already had complaints of the extravagance of Government in the general discussion of the budget. I therefore appeal to my friends, though I am just as anxious as they are to help the Provincial Governments in the matter of their contributions, I appeal to them not to let our people be taxed a pie more than is absolutely necessary.

MR. K. G. BAGDE : Sir, it will be clear from the contents of the amendment that is before the House that the intention of the Mover is to benefit the textile industry of this country. I am of opinion that we shall see our industries prospering, but certainly not prospering at the cost of the community. We read of the prosperity of the industries in other countries, but at whose expense, and at whose costs, have they prospered ? If we go through their history in detail we shall find that they bring money from other countries. We are told, and we have been appealed to again and again in the name of swadeshi, that we should help our textile industry. Sir, I would remind the House of certain proceedings that took place here yesterday. The question before us was regarding the Hide industry. Is not the Hide industry a swadeshi industry ? But what did we do ? The sense of the House was against it. We did not help that industry by acceding to the demands made by the advocates of that industry.

But there is another reason also why we should not now support the motion before us. We have got sufficient money, and I see no cause why we should burden the tax-payer more. With these words I oppose the motion.

MR. M. K. REDDIYAR : Sir, I withdraw the amendment.

KHAN BAHADUR ZAHIR-UD-DIN AHMED : Sir, I rise to oppose this motion. It has practically come to this, that the plaintiff does not press his claim, but the witnesses support it. Now, I think if this were a court of justice the suit would have been immediately dismissed. When the Government does not need it, we must not assume a superior position and tell them what they should require, especially when the country is suffering so much from famine, and other sorts of diseases.

The amendment was, by leave of the Assembly, withdrawn.

The HONOURABLE MR. W. M. HAILEY : I beg to move, that the Bill, as amended, be now passed.

MR. EARDLEY NORTON : This, Sir, is our first Budget, and before we part with it, I should like to say a few words on questions of principle which underlie its genesis and define our attitude towards, and our rights in connection with, it. I trust, Sir, now that the child, which has been born amid the clash and turmoil of financial quarrels, and which we restore to the arms of its putative parent, will in course of time grow up a strong, handsome and useful stripling. We have endeavoured, as far as we possibly could, to make its entry into this world as little uncomfortable as possible. There remain after its christening one or two considerations not unworthy the expenditure of two or three minutes' careful attention.

There is an uneasy sensation in more quarters than one of this House that the Honourable the Finance Member—with regard to whom I desire to say nothing unpleasantly critical at this stage, either with regard to his Finance Bill or to his Budget—there is, I say, an uneasy suspicion that he is not speaking his own mind, is not writing with his own hand, is the creature of impulses outside the geographical limitations of British India.

Whether that is really so, we cannot tell. But a suspicion, to that effect is with us and in us. A suspicion, which while it releases the Honourable the Finance Member in one direction, attaches to him in another direction the not very enviable responsibility of trying to arrange mosaics not of his own making into a respectable pattern that shall please our eye.

This Assembly has already shown itself—and shown itself justly—to be sensitive of any encroachment upon its rights, jealous of any invasion of its financial privileges. I ask it to-night in memory and expression of that sensitiveness and that jealousy to hear and note the few remarks I have to offer.

Now with regard to the real author or authors of the policy which is responsible both for the Budget and the Finance Bill. There is internal evidence, during the discussion within the four corners in this House, that neither measure traces descent from the Honourable the Finance Member; that he is not really a free agent with reference to either; not with regard to the important question of the sale of Reverse Councils; not with regard to the important question of exchange; not with regard to the omission of the duty upon imported silver bullion; these are clear indications that the Honourable Member is speaking with a borrowed voice. Whence does it come from and to whom does it belong?

If we are right in our suspicions that while we can congratulate the Finance Member on the stand he has made against Lancashire, we cannot extend the congratulations to the surrender to London—then indeed, I am on safe ground in suggesting to this House that we are permitting alien influences to mould our financial policy, and that unless we are alert and sensitive and jealous we shall be permitting a policy to prevail which will have for its end the furtherance of interests which are not India's but the interests of another country. Against that I ask this House to arm itself, ready to strike in self-defence against all who seek to exploit the resources of this land for the augmentation of their own private wealth. When the Honourable the Finance Member was asked for an explanation with regard to the Reverse Councils, I see that he made this statement in his speech at page 77 of the Gazette of India:

'We have frequently been asked to explain how far the persistence in the selling of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home authorities.

Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret that it is not within the power of Government to answer these inquiries.

Why not? Did they not know, or, knowing, will they not answer? I cannot entertain for one moment the suggestion that the Government have not got the answer. The only possible inference is that they have it and will not reveal it. I think we are entitled to apply to the Honourable the Finance Member from his failure to produce the legal presumption most hostile to himself. It is quite clear to me, and I hope it will be equally clear to this House, that the reason why the Finance Member was unable to answer that particular question with regard to the policy of his Government in the matter of the Reverse Councils was because he did not wish to implicate persons who are not here and who do not desire to be here.

I pass over the policy of exchange. That also has been debated and condemned. Then I come to a question of importance, so far as this Member is concerned. I pass to the matter of the suggested impost upon silver bullion. I am not here to reopen the merits or demerits of that matter. The decision has been taken not to enforce any import duty. I only refer to it to use it by way of illustration of the dangers which I ask this House to take cognizance if it intends to preserve its financial privileges unimpaired among which I hope it will include the right to enforce a policy which puts Indian values in the forefront as matters of greater relative importance than English interests. Now, with regard to the question of bullion, I remember the Honourable the Finance Member telling us two or three days ago, or perhaps a little earlier than that, that he could not define his attitude upon that question without reference to the bullion merchants of Bombay. One Member here to-night, my Honourable friend Mr. Price, has already referred to the fact, and fact it is, that the Honourable the Finance Member was not so tender in his dealings with other interests than the bullion silver interests—interests, surely as important, for instance, the food and the clothing of the poorer peoples in India. As far as I am aware, the Honourable the Finance Member made no reference to any previous conference, before imposing taxation, with the sugar dealers or the piece-goods merchants or the importers of cigarettes or the importers of wines and spirits. Why then does he show a difference in his treatment between commodities such as these and the question of bullion? Is it because he wishes to safeguard interests which are not resident in India but at home? Is it that he is swayed by foreign impulses by active wirepullers elsewhere whom in a measure he is ashamed to avow?

Is it a fact that the real reason for this approach to the so-called bullion merchants of Bombay is that it is an approach to the bullion merchants not in Bombay, not in India, but in England? We have had to resist the open attack made upon us by Manchester and we have answered Manchester, I think upon the whole, with credit to ourselves. We have now, Sir, to resist the equally insidious and perhaps more dangerous attack made upon us by those who, being none the less powerful and none the less dangerous, have at their disposal a human instrument so facile, so persuasive, and so insidious as the Honourable Member sitting opposite me. If, as a matter of fact, the real influences which are prevalent with the Honourable the Finance Member, in the composition both of his Budget and his Revenue Bill, be influences which are outside our reach as being outside India—influences to which my Honourable friend, Mr. Price, has alluded as 'busybodies,' then I put it to the House that we should be prepared to be trebly jealous of our privileges, and trebly sensitive against the intervention of 'busybodies' who are not likely in the measures they frame to postpone their financial advantages and interests to ours. And if it be true—I am afraid that it is—if it be true that the real impelling and controlling influences with regard to this matter and other financial matters are to be found in England and not in India, then I think that this House would like very much to know, who is the Rasputin behind our financial Czar, to which I would add the supplementary question, where is he living, in Delhi or in London? Is it in India where we can control him, or is he at home outside our jurisdiction? So long as a suspicion such as this is permitted to float in the minds of members, it creates an extremely unpleasant and unhappy feeling with them. It compels them to believe that they are really puppets, and that these financial considerations are brought forward not, as they should be, solely for the benefit of the peoples of India, but under alien guidance for the benefit and prosperity of men who have long exploited India for their own ends and who intend to prolong that process without interruption in the future. On this question of bullion, let me refer to a telegram coming from Calcutta. I think it was in yesterday's *Pioneer*. It is as follows:—'The Secretary of the Calcutta Bullion Association has wired to the Financial Department of the Government of India praying that no duty on silver should be now imposed and in any event that no duty be levied before June next.' Are we not entitled to ask, why such a telegram should be sent? Why should these gentlemen who are able to make these markets fluctuate, no doubt, to their own financial benefit, be urging on the Government an extension of time which shall exempt their own pockets from the inconveniences of taxation? Are they not somewhat similar, Sir, to the criminal who says to

the learned Judge who is trying him : 'I am not guilty, my Lord, either of manslaughter or of murder. But if you are going to pass a sentence on me, please convict me of manslaughter.' Here are these bullion merchants of Calcutta, I suppose in touch with the bullion merchants of Bombay, seeking to get outside the four corners of this taxation by asking this Government (for no reason assigned and for no reason assignable) to postpone the period from which this Act shall come into force in order to enable them to secure their deposits afloat and house them intact inside Bombay. I do not propose to touch upon the merits of this Bill. These have passed beyond our criticism and control. But I do wish to linger for a moment on the caution which this Bill enjoins upon all those who wish to preserve intact the control of this House over fiscal questions. Yesterday it was the Council of State. To-day it is the occult power behind the scenes in England. Each is dangerous in a different degree. Both must be met and fought and crushed. It would be impossible for us who have followed the procedure of this House for many days and followed it, I hope, with patience, discernment and interest, not to recognize and applaud the attitude on both sides of the House, as indicative of a desire on each side to work the new reforms honestly and honourably in the spirit of cordial and mutual good-will. There has been much of give and take on both sides. I have been as much struck with the courtesy and the frankness as with the ingenuity and resource of the Honourable the Finance Minister opposite. I have been struck not only by his attitude, but by the attitude of all the Government officials who have had occasion to stand up and answer our questions, to give us information, or to defend their positions against our attacks. I do not think that any member on this side of the House can honestly complain that he has not been assisted in every legitimate way and in very generous extent to a common effort to make good this our first meeting on the reformed Legislative Assembly by the Honourable Members opposite who represent the Government. Their attitude affords a complete answer to the hostile criticism which not so long ago was in certain quarters flung against the Members of the Indian Civil Service, of whom it was said that they would embody and practice the real and discontented opposition to the spirit of the reforms ; that they would combine themselves to resist the progress sketched. and that in them we, the elected non-officials, should find our most inveterate and unyielding foes. I am glad to be able to think that that criticism has been shattered ; that it is devoid of all foundation ; and that if it be permissible to draw an inference from the conditions of to-day, I may claim, in a prophesy of the future, to look with

confidence to honest and considered support from quarters to which prejudice had ascribed opposition. I have been a hostile and inconsiderate critic of Government. So the unthinking say. If so, which I deny, my recantation is all the more valuable. I have always thought that when the reforms took statutory shape the same official world outside that service which attempted at one time to postpone what some considered would be the hour of their execution, would be the first to render, as they have rendered, loyal and selfless service for the achievement of progress. For that we on this side of the House are deeply and publicly grateful. As I said, my main object in rising to make these remarks was to accentuate the duty all of us inside this House, and, more especially those of us who sit as the non-official elected members, owe to ourselves, if we are honest and to India and Great Britain alike if we are wise. The nominated members who, we may feel sure, are as able as ourselves to contribute to the total of political wisdom have not given us audible evidence of their presence or of their opinions in this House. We have seen them, we have watched them, and we have admired them, but we have not heard them except in very rare instances. I take pride in the intervention in debate of the Honourable the nominated member behind me who hails from Ootacamund. I regret the modesty and self-imposed reticence of the nominated members inside this House, a modesty and reticence not always accompanying their attitude outside. I trust that, as we grow older and get more acclimatized to the novel procedure of this infant institution they will imitate my Honourable friend behind me and give us clearly and audibly the benefit of their long administrative and executive wisdom and experience. From the Members of this House who have appropriated the larger share of the debates, I claim on the whole the exhibition of a remarkable self-restraint, even though I recall the number and the variety of the speeches which have come from this side of the House, and more particularly from my especial quarter, the Madras quarter, of this House. We have achieved one notable triumph. In the long history of the Government of India this is the first time that a Government Finance Bill has had one single line of its financial proposals altered, an achievement which upon the whole has been accompanied with moderation and a tendency to compromise. Lastly, let me urge upon my Honourable colleagues, the elected non-official Members of this House, that we should be always upon our guard against the introduction, however slight, of any element which points to the deprivation or the infringement of our right to control our own finances ; that we should proclaim on this, our first opportunity, our own

financial independence ; that we should openly assert our intention to stand on our own and not upon borrowed legs ; that we should declare our resolution to be masters in our own financial house.

DR. H. S. GOUR : At the close of the Budget and its accompanying Finance Bills, I entirely and heartily associate with my friend, the Honourable Mr. Eardley Norton, in congratulating the members of the Government for their unfailing courtesy and spirit of compromise in dealing with the difficult questions with which the non-official members were concerned. I echo the sentiments of my Honourable colleagues in saying that whatever may have been the suspicions of elected members of this House about the attitude of the members of the Indian Civil Service, those suspicions have completely disappeared, and the attitude of the members of Government has been one of continuous sympathy and unfailing friendliness. I have no doubt whatever, Sir, that this is a most hopeful augury for the future success of this House. I conclude, Sir, by asking you whether it would be in order to put the coping stone upon this Finance Bill by harking back to a question which I asked this House earlier in the day. If I understood you aright, you said that the question could be again moved later on when the whole Bill came up for the vote of this House. If it is open to me to mention that question there is one point upon which this House feels keenly, and it is the continuance of the half an anna postage, and it is the poor man's plea and I hope the Honourable Members in charge of Government will accede to it. I have reason to believe that they will accede to it, and if that is done, we shall have complete confidence in the budget and the Finance Bill which we have just now passed.

THE HONOURABLE MR. W. M. HAILEY : Sir, I think it would be unfitting that I should allow this occasion to pass without thanking Mr. Eardley Norton and Dr. Gour for what they have said this evening in regard to the conduct of the Bill from the Government side. At the same time, I wish heartily to reciprocate from our side their expression of good feeling ; and to say, if I may be allowed to say this to the House, how much we, on our side, appreciate the forbearance it has exhibited, admire its industry, and most of all appreciate the goodwill it has shown to us. It is usual in other countries for a member of the Government who has to bring forward a piece of difficult and contentious legislation to make sure before he goes to the legislature that he has a majority behind him. I think there are few who would venture into a representative assembly with an unpopular scheme of taxation in the face of a large

potential majority against them without much misgiving and much apprehension. I can only say for ourselves, Sir, that knowing from the first that we had to rely on convincing the House by reason, we have throughout done our best to be open and honest in placing our case before it. We have realized throughout that any attempt to hold back any part of our case, any attempt to get round a difficult situation by mere strategy, would be more than useless ; it would indeed be dangerous to our own cause. We have been content to rely and indeed we have been obliged to rely, on the strength of our own case. Our best policy was to attempt to help the House to a right decision on each point that arose ; and I know that I can say beforehand, that every Member of this Government will always attempt to take exactly the same attitude with the House.

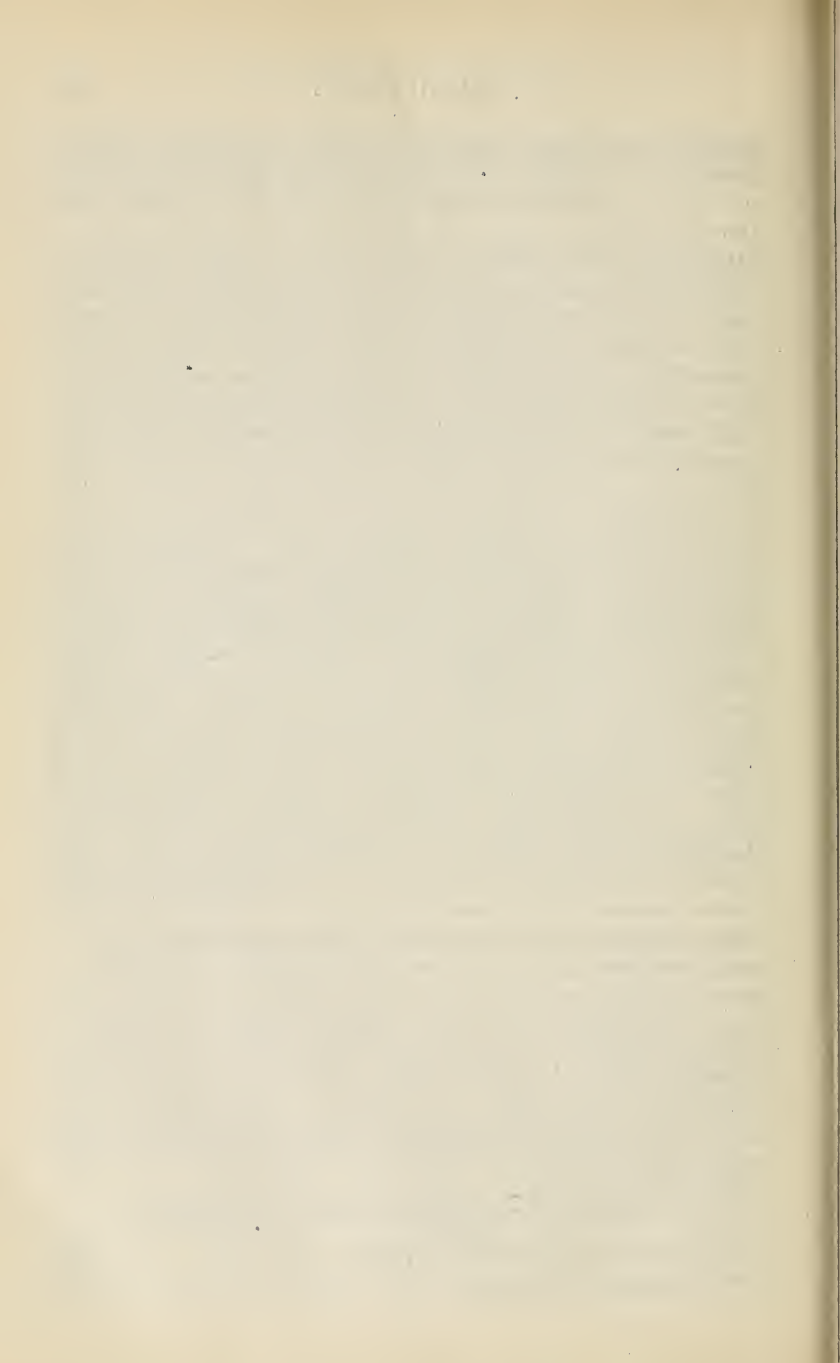
Purely by way of reference, and not by way of combativeness, for I feel that, after the two days we have just spent together, contentiousness on my part would, at this stage, be out of place, purely by way of reference and nothing else, let me try to enlighten Mr. Eardley Norton regarding our attitude on the subject of bullion. There is no dark ogre anywhere, outside this country or inside it, that has controlled our attitude on this question. In fact, Sir, I am revealing no official secrets whatever when I say that we have had no communication with Home upon the subject. Perhaps that will disabuse his mind of any impression on the subject of our relations with the Home authorities on this point. He quotes a telegram which he has received from the bullion dealers of Calcutta. I have received very numerous telegrams from Japanese traders in silk, from liquor merchants, from match merchants, from every kind of merchant in the country affected by our proposed taxes, and I class the bullion traders in my mind at all events in exactly the same way as any other community whose interests are affected by this Bill.

And now, Sir, I do not wish to delay the House any further. The House has shown to us, as I have said before, singular forbearance and singular goodwill ; I only hope that it will now see its way to pass this Finance Bill and to allow us to commit it to another House, with the sure assurance that the Bill in itself, if a not very pleasant piece of measure, is yet a sound piece of legislation on which we need not look back with any misgivings.

THE HONOURABLE THE PRESIDENT : The motion is :

"That this Bill, as amended, be passed."

The motion was adopted.



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TARIFF SCHEDULES.

Reprint of Schedules II and III of the Indian Tariff Act VIII of 1894 (as last amended March/April 1921), showing the rates of Customs duties levied on goods imported into, and exported from, British India.



SCHEDULE II.—IMPORT TARIFF.

No.	Names of Articles.	Per	Tariff Valuation.	Duty
I.—Food, Drink and Tobacco.				
FISH.			Rs. A.	
1	FISH, SALTED, wet or dry	Indian maund of 82 2-7 lbs. avoirdupois weight	..	Such rate or rates of duty not exceeding twelve annas as the Governor-General in Council may by notification in the <i>Gazette of India</i> , from time to time prescribe.
2	FISHMAWS, including singally and sozille, and sharkfins	..	<i>Ad valorem</i>	11 per cent
3	FISH, excluding salted fish (see No. 1) ..	..	..	11
FRUITS AND VEGETABLES.				
4	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved—			
	Almonds without shell	cwt.	85 0	11 per cent
	" in the shell .. .. .	..	26 0	11 ..
	" (kagazi) Persian .. .. .	..	125 0	11 ..
	European including half-hard round almonds.	..	45 0	11 ..
	Cashew or cajoo kernels .. .. .	..	28 0	11 ..
	Cocoanuts, Straits and Dutch East Indies	thousand	100 0	11 ..
	" Maldives .. .. .	..	40 0	11 ..
	" Other .. .. .	..	62 0	11 ..
	" kernel (khopra)	cwt.	27 0	11 ..
	Currants .. .. .	..	45 0	11 ..
	Dates, dry, in bags .. .. .	..	15 0	11 ..
	Dates, wet, in bags, baskets and bundles	..	9 0	11 ..
	Dates, wet, in pots, boxes, tins and crates	..	14 0	11 ..
	Figs, Persian, dried .. .. .	..	18 0	11 ..
	Garlic .. .. .	..	12 0	11 ..
	Pistachio nuts .. .. .	..	100 0	11 ..
	Raisins, Munakka, Persian Gult .. .. .	..	16 0	11 ..
	Raisins, other sorts .. .. .	..	<i>Ad valorem</i>	11 ..
	All other sorts of fruits and vegetables, fresh, dried, salted or preserved.	..	<i>Ad valorem</i>	11 ..
GRAIN, PULSE AND FLOUR.				
5	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (see No. 6).	..	<i>Ad valorem</i>	2½ per cent.
6	FLOUR .. .. .	..	..	11 ..
7	FODDER, Bran and Pollards .. .. .	..	..	2½ ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink and Tobacco.—<i>contd.</i>				
LIQUORS.				
8	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	..	Rs. A. P. 0 6 6
9	LIQUEURS, Cordials, Mixtures and other preparations containing spirit— (a) Entered in such a manner as to indicate that the strength is not to be tested (b) If tested .. .. .	.. Imperial gallon or 6 quart bottles of the strength of London proof.	.. ..	25 0 0 18 12 0 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
10	PERFUMED spirits	Imperial gallon or 6 quart bottles.	..	30 0 0
11	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	..	<i>Ad valorem</i>	7½ per cent.
12	All other sorts of SPIRIT	Imperial gallon or 6 quart bottles of the strength of London proof.	..	18 12 0 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
13	WINES— Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit. All other sorts of wines not containing more than 42 per cent. of proof spirit. Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to "All other sorts of Spirit."	Imperial gallon or 6 quart bottles. "	.. ..	9 0 0 4 8 0
PROVISIONS AND OILMAN'S STORES				
14	VINEGAR, in casks .. .. .	..	<i>Ad valorem</i>	2½ per cent.
15	PROVISIONS, OILMAN'S STORES, AND GROCERIES, all sorts, excluding vinegar in casks (see No. 14).	..	..	..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink and Tobacco. — <i>contd.</i>				
PROVISIONS AND OILMAN'S STORES— <i>contd.</i>			RS. A.	
	Butter	lb.	2 0	11 per cent
	Cassava, Tapioca or Sago (whole)	cwt	15 0	11 ..
	Cassava, Tapioca or Sago (flour)		11 0	11 ..
	China preserves in syrup	box of six large or twelve small jars	10 0	11 ..
	China preserves dry, candied	lb.	0 8	11 ..
	Cocum	cwt.	10 0	11 ..
	Ghi		75 0	11 ..
	Vinegar not in casks		<i>Ad valorem</i>	11 ..
	All other sorts of provisions, oilman-stores and groceries.			11 ..
SPICES.				
16	SPICES, all sorts—			
	Betelnuts, raw, whole, split or sliced, also red whole from Goa.	cwt	11 0	11 per cent
	Betelnuts, raw, whole, split or sliced, also red whole from Straits	..	11 0	11 ..
	Betelnuts, boiled, split or sliced .. ..	..	12 8	11 ..
	Betelnuts, whole, from Ceylon .. ..	..	14 0	11 ..
	Betelnuts, raw, split (sun-dried) from Cey- lon	..	28 0	11 ..
	Betelnuts, all other sorts		<i>Ad valorem</i>	11 ..
	Chillies, dry	cwt.	25 0	11 ..
	Cloves		62 0	11 ..
	Cloves, exhausted .. .. .	..	20 0	11 ..
	Cloves, stems and heads .. ..	..	9 0	11 ..
	Cloves, in Seeds, Narlavang .. ..	..	20 0	11 ..
	Ginger, dry .. .. .	..	35 0	11 ..
	Mace	lb.	0 12	11 ..
	Nutmegs .. .. .	..	0 4	11 ..
	Nutmegs in shell .. .. .	..	0 3	11 ..
	Pepper, black	cwt.	38 0	11 ..
	Pepper white .. .. .	..	65 0	11 ..
	All other sorts of spices .. ..	..	<i>Ad valorem</i>	11 ..
SUGAR				
17	CONFECTIONERY .. .. .	..	<i>Ad valorem</i>	20 per cent.
18	SUGAR, all sorts, including Molasses and Sac- charine produce of all sorts but excluding confectionery : (see No. 17).			
	Sugar crystallised and soft, from Java, 23 Dutch standard and above.	cwt.	32 4	15 per cent.
	Sugar, crystallised and soft, from Java, 16 to 22 Dutch standard.	..	30 4	15 ..
	Sugar, crystallised and soft, from Java, 15 Dutch standard and under.	..	29 12	15 ..
	Sugar crystallised and soft, from Japan, or Formosa	..	34 4	15 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
I.—Food, Drink, and Tobacco.—Contd.				
	SUGAR.—<i>contd.</i>		Rs. A.	
	Sugar, crystallised and soft, refined in China	Cwt.	34 4	15 per cent.
	Sugar, crystallised and soft, from Egypt ..	"	33 4	15 "
	Sugar, crystallised and soft, from Mauritius	"	30 12	15 "
	Sugar, crystallised, beet	"	32 4	15 "
	Molasses from Java	"	5 10	15 "
	Molasses from other countries	"	5 10	15 "
	Sugar, all other sorts, including saccharine produce of all kinds	..	<i>Ad valorem</i>	15 "
	TEA.			
19	TEA—			
	Tea, black	lb.	0 12	11 per cent.
	Tea, green .. .. .	..	0 14	11 "
	OTHER FOOD AND DRINK.			
20	COFFEE	cwt.	42 0	11 per cent.
21	Hops .. .. .	..	..	Free.
22	SALT, excluding Salt exempted under No. 23	Indian maund of 82 2-7 lbs. avoirdupois weight.	..	The rate at which excise duty is for the time being leviable on salt manufac- tured in the place where the import takes place.
23	SALT imported into British India and issued, in accordance with rules made with the pre- vious sanction of the Governor-General in Council, for use in any process of manufac- ture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor-General in Council, for use in curing fish in those provinces.	..	..	Free.
24	ALL OTHER SORTS OF FOOD AND DRINK NOT otherwise specified.	..	<i>Ad valorem</i>	11 per cent.
	TOBACCO.			R. A.
25	TOBACCO, unmanufactured	lb.	..	1 0
26	CIGARS AND CIGARETTES .. .. .	..	<i>Ad valorem</i>	75 per cent.
27	All other sorts of TOBACCO, unmanufactured	lb.	..	2 4

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
II. — Raw materials and produce and articles mainly unmanufactured.—				
COAL, ETC.				Rs. A.
28	COAL, COKE, AND PATENT FUEL	ton	..	0 8
GUMS, RESINS, AND LAC.				Rs. A.
29	GUMS, RESINS AND LAC, all sorts—			
	Gambier, block	cwt.	28 0	11 per cent.
	" Cube	"	28 0	11 "
	" other sorts	"	<i>Ad valorem</i>	11 "
	Gum Ammoniac	cwt.	30 0	11 "
	" Arabic	"	24 0	11 "
	" Benjamin ras	"	25 0	11 "
	" Benjamin cowrie	"	65 0	11 "
	" Bysabol (coarse myrrh)	"	60 0	11 "
	" Oilbanum or frankincense	"	15 0	11 "
	" Persian (false)	"	18 0	11 "
	Myrrh	"	60 0	11 "
	Rosin	"	28 0	11 "
	All other sorts of gums, gum-resins, and articles made of gum or gum-resin.	..	<i>Ad valorem</i>	11 "
HIDES, AND SKINS, RAW.				
30	HIDES AND SKINS, raw or salted .. ..	..	..	Free.
METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.				
31	IRON OR STEEL, old	cwt.	3 8	2½ per cent.
32	METALLIC ORES, all sorts .. .. .	..	..	Free.
OILS.				Rs. A. P.
33	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock-oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the following classes of petroleum.*	Imperial gallon.	..	0 1 6
34	Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.	..	<i>Ad valorem</i>	7½ per cent.

*Motor spirit is liable to an additional duty of six annas per gallon under Act II of 1917 as amended by Act III of 1919.

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SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
II.—Raw materials and produce and articles mainly unmanufactured.— <i>contd.</i>				
MISCELLANEOUS.			R. A.	
44	CANES AND RATTANS .. .. .	..	<i>Ad valorem</i>	11 per cent
45	COWRIES AND SHELLS—			
	Cowries, bazar, common	cwt.	6 0	11 ..
	.. yellow, superior quality .. .. .	..	7 0	11 ..
	.. Maldive .. .. .	..	11 0	11 ..
	.. Sankhli .. .. .	..	135 0	11 ..
	Mother-of-pearl, nacre .. .. .	..	25 0	11 ..
	Nakhla .. .. .	..	175 0	11 ..
	Tortoise-shell	lb.	14 0	11 ..
	.. nakh .. .. .	..	3 0	11 ..
	All other sorts, including articles made of shell, not otherwise described.	..	<i>Ad valorem</i>	11 ..
46	IVORY, unmanufactured—			
	Elephant's grinders	cwt.	300 0	11 per cent.
	.. tusks (other than hollows, centres and points), each exceeding 20 lb. in weight, and hollows, centres, and points each weighing 10 lb. and over.	..	900 0	11 ..
	Elephant's tusks (other than hollows, centres, and points), not less than 10 lb. and not exceeding 20 lb. each, and hollows, centres, and points each weighing less than 10 lb.	..	725 0	11 ..
	Elephant's tusks, each less than 10 lb. (other than hollows, centres, and points).	..	400 0	11 ..
	Sea-cow or moye teeth, each not less than 4 lb.	cwt.	225 0	11 per cent.
	Sea-cow or moye teeth, each not less than 3 lb. and under 4 lb.	..	175 0	11 ..
	Sea-cow or moye teeth, each less than 3 lb.	..	125 0	11 ..
	All other sorts unmanufactured not otherwise specified.	..	<i>Ad valorem</i>	11 ..
47	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanide, mineral phosphates and mineral superphosphates.	..	..	Free.
48	PRECIOUS STONES, unset and imported uncut, and Pearls, unset and imported unpierced.	..	..	Free.
49	PRECIOUS STONES, unset and imported cut, and Pearls, imported pierced.	..	<i>Ad valorem</i>	11 per cent.
50	PULP OF WOOD, RAGS and other paper-making materials.	..	..	Free.
51	ALL OTHER RAW MATERIALS, and produce and articles mainly unmanufactured, not otherwise specified.	..	<i>Ad valorem</i>	11 per cent.

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—				
APPAREL.				
52	APPAREL, including drapery, boots and shoes and military and other uniforms and accoutrements, but excluding uniforms and accoutrements, exempted from duty (No. 53) and gold and silver thread (Nos. 90 and 92) and articles made of silk (see No. 100).	..	<i>Ad valorem</i>	11 per cent.
53	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.	..	..	Free.
ARMS, AMMUNITION AND MILITARY STORES.				
54	Subject to the exemptions specified in No. 57, ARMS, AMMUNITION AND MILITARY STORES, that is to say,—			
	(1) Firearms other than pistols, including gas and air guns and rifles.	each	..	Rs. A. 15 0 or 20
	(2) Barrels for the same, whether single or double. . . . .	..	..	15 0 } per cent.
	(3) Pistols, including automatic pistols and revolvers. . . . .	..	..	15 0 } <i>Ad</i>
	(4) Barrels for the same, whether single or double. . . . .	..	..	15 0 } <i>va-</i>
	(5) Main springs and magazine springs for firearms, including gas guns and rifles. . . . .	..	..	5 0 } <i>lorem</i>
	(6) Gun stocks and breech blocks . . . . .	..	..	3 0 } which-
	(7) Revolver-cylinders, for each cartridge they will carry. . . . .	..	..	2 0 } ever
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle-loading arms. . . . .	..	..	1 0 } is
	(9) Machines for making, loading or closing cartridges for rifled arms. . . . .	..	<i>Ad valorem</i>	20 per cent.
	(10) Machines for capping cartridges for rifled arms. . . . .	..	..	20 "
55	GUNPOWDER for cannons, rifles, guns, pistols and sporting purposes.	..	<i>Ad valorem</i>	20 per cent.
56	Subject to the exemptions specified in No. 57 all ARTICLES, other than those specified in entry No. 54, which are ARMS OR PARTS OF ARMS within the meaning of the Indian Arms Act 1878 (excluding springs used for air-guns which are dutiable as hardware, under No. 71), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor-General in Council may, by notification in the <i>Gazette of India</i> , declare to be ammunition or military stores for the purposes of this Act.	..	..	20 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per.	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manu- factured.—<i>contd.</i>				
ARMS, AMMUNITION AND MILITARY STORES.—<i>contd.</i>				
57	The following ARMS, AMMUNITION AND MILITARY STORES:—	..	..	Free.
	(a) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 54 when they ap- pertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm ;			
	(b) Arms forming part of the regular equip- ment of a commissioned or gazetted offi- cer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform ;			
	(c) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per re- volver or pistol (i) when accompanying a commissioned officer of his Majesty's re- gular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving, or in the case of a police officer, by an In- spector General or Commissioner of Po- lice, to be imported by the officer for the purpose of his equipment ;			
	(d) Sword for presentation as army or prizes volunteer ;			
	(e) Arms, ammunition, and military stores imported with the sanction of the Gov- ernment of India for the use of any por- tion of the military forces of a State in India which may be maintained and or- ganized for Imperial Service ;			
	(f) Morris tubes and patent ammunition im- ported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men,			
58	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuse.	..	<i>Ad valorem</i>	11 per cent

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
			R. A.	
59	CARRIAGES AND CARTS including jinrikshas, bath chairs, perambulators, trucks, wheelbarrows, and all other sorts of conveyances and component parts thereof not otherwise specified, including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, namely:—Chassis, solid tyres, wheels, bodies, axles and gear boxes (<i>see</i> No. 60).	..	<i>Ad valorem</i>	11 per cent.
60	MOTOR-CARS, motor cycles, motor-scooters, bicycles, and tricycles and parts and accessories thereof provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.	..	..	20 per cent.
CHEMICALS, DRUGS AND MEDICINES.				
61	ANTI-PLAGUE SERUM .. .. .	..	..	Free.
62	COPPERAS, green .. .. .	..	<i>Ad valorem</i>	2½ per cent.
63	OPIUM and its alkaloids, and their derivatives.	Seer of 80 tolas.	..	R. A. 24 0
64	QUININE and other alkaloids of cinchona ..	..	..	Free.
65	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.	..	..	..
	Alkali, Indian (saji-khar)	cwt.	4 0	11 per cent.
	Alum (lump) .. .. .	..	12 0	11
	Arsenic (China mansil) .. .. .	..	60 0	11
	.. other sorts .. .. .	..	<i>Ad valorem</i>	11
	Soda, ash and crescent Alkali	cwt.	5 0	11
	Soda, Bicarbonate .. .. .	..	8 0	11
	Soda, caustic, solid .. .. .	..	18 0	11
	Soda, caustic flake .. .. .	..	23 0	11
	Soda, caustic, powdered .. .. .	..	28 0	11
	Soda, Magadi .. .. .	..	4 0	11
	Sulphate of copper .. .. .	..	20 0	11
	Sulphur (brimstone), flowers .. .. .	..	11 8	11
	Sulphur (brimstone), roll .. .. .	..	11 8	11
	Sulphur (brimstone), rough .. .. .	..	<i>Ad valorem</i>	11
	All other sorts of chemical products and preparations not otherwise specified.	..	..	11
	Aloe-wood .. .. .	..	..	11
	Asafoetida (hina)	cwt.	125 0	11
	.. coarse (hingra) .. .. .	..	50 0	11
	Atary, Persian .. .. .	..	<i>Ad valorem</i>	11
	Banslochan (bamboo camphor)	lb.	0 9	11
	Calumba root	cwt.	20 0	11
	Camphor, refined, other than powdered .. .. .	..	5 8	11
	Cassia lignea	cwt.	35 0	11
	China root (chobchini) rough .. .. .	..	15 0	11
	China root (chobchini) scraped .. .. .	..	30 0	11
	Cubebs .. .. .	..	165 0	11
	Galangal, China .. .. .	..	16 0	11
	Salep .. .. .	..	350 0	11
	Storax, liquid (rose mellos or salaras) .. .. .	..	70 0	11
	All other sorts of drugs, medicines, and narcotics.	..	<i>Ad valorem</i>	11

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manu- factured. — <i>contd</i>				
CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.				
66	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, moving and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bull-lock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes ; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.	..	..	Free.
67	CLOCKS, AND WATCHES, parts thereof ..	..	<i>Ad valorem</i>	20 per cent.
68	CUTLERY, excluding electroplated cutlery (see No. 70).	..	..	11 ..
69	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, and butter workers ; also component parts of these appliances provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.	..	..	Free
70	ELECTROPLATED WARE .. .. .	..	<i>Ad valorem</i>	20 per cent.
71	HARDWARE, IRONMONGERY AND TOOLS all sorts, not otherwise specified.	..	..	11 ..
72	INSTRUMENTS, APPARATUS, AND APPLIANCES imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	..	..	Free.
73	MUSICAL INSTRUMENTS .. .. .	..	<i>Ad valorem</i>	20 per cent.
74	TELEGRAPHIC INSTRUMENTS AND APPARATUS and parts thereof, imported by or under the orders of a railway company	..	..	24 per cent.
75	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES and parts thereof, when constructed so that they can be worked by manual or animal power.	..	..	Free
76	All other sorts of IMPLEMENTS, INSTRUMENTS APPARATUS AND APPLIANCES, and parts thereof, not otherwise specified. .. ..	..	<i>Ad valorem</i>	11 per cent.
DYES AND COLOURS				
77	DYEING AND TANNING SUBSTANCES, all sorts, and PAINTS AND COLOURS and painters' materials, all sorts	..	<i>As above</i>	..
	Alizarine, dye, dot dry, exceeding 40 per cent	11.	4 8	11 per cent.
	Alizarine dye, dry, over 40 per cent, but not exceeding 50 per cent	..	5 0	11 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manufactured. — <i>contd.</i>				
	DYES AND COLOURS. — <i>contd.</i>		Rs. a.	
	Alizarine dye, dry, over 50 per cent. but not exceeding 60 per cent.	lb.	5 8	11 per cent.
	Alizarine dye, dry, over 60 per cent. but not exceeding 70 per cent.	"	6 8	11 "
	Alizarine dye, dry, over 70 per cent. but not exceeding 80 per cent.	"	7 8	11 "
	Alizarine dye, dry, over 80 per cent.	"	8 8	11 "
	Alizarine dye, moist, not exceeding 10 per cent.	"	0 10	11 "
	Alizarine dye, moist, over 10 per cent. and not exceeding 16 per cent.	"	1 0	11 "
	Alizarine dye, moist, over 16 per cent. and not exceeding 20 per cent.	"	1 4	11 "
	Alizarine dye, moist, exceeding 20 per cent.	"	2 0	11 "
	Aniline dye, moist	"	5 0	11 per cent.
	Aniline dye, dry	"	7 8	11 "
	Aniline, salts	"	<i>Ad valorem</i>	11 "
	Avar bark	cwt.	5 0	11 "
	Cochineal	lb.	1 1	11 "
	Gallnuts (myrabolams)	"	<i>Ad valorem</i>	11 "
	" Persian	cwt.	45 0	11 "
	Gamboge	lb.	2 0	11 "
	All other sorts of dyeing and tanning materials	"	<i>Ad valorem</i>	11 "
	Lead, red, dry	cwt.	34 0	11 "
	Lead, whit dry.	"	36 0	11 "
	Ochre, other than European, all colours	"	2 0	11 "
	Turpentine,	Imperial gallon.	9 0	11 "
	Vermilion, Canton	box of 90 bundles.	245 0	11 "
	Zinc, White dry	"	<i>Ad valorem</i>	11 "
	All other sorts of paints, colours and painters' materials not otherwise specified, including glue and putty.	"	"	11 "
	FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD			
78	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise specified.	"	<i>Ad valorem</i>	11 "
	GLASSWARE AND EARTHENWARE.			
79	GLASS AND GLASSWARE, lacquered ware, earthenware, China and porcelain; all sorts except glass bangles, beads and false pearls (see No. 80).	"	<i>Ad valorem</i>	11 per cent.
80	GLASS BANGLES AND BEADS & FALSE PEARLS.	"	"	20 "
	HIDES, SKINS AND LEATHER.			
81	HIDES AND SKINS not otherwise specified	"	<i>Ad valorem</i>	11 "
	LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.	"	"	"

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
	III. — Articles wholly or mainly manufactured.—<i>contd</i>			
	MACHINERY.			
82	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof; also including locomotive and portable engines, steam-rollers, fire-engines, and other machines in which the prime-mover is not separable from the operative parts.	..	<i>Ad valorem</i>	2½ per cent.
	MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric steam, water, fire or other power not being manual or animal labour or which, before being brought into use, require to be fixed with reference to other moving parts; and including belting of all materials for driving machinery.	..	..	2½ ..
	Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts or machinery as are indispensable for the working of the machinery and are, owing to their shape or to other special quality, not adapted for any other purpose.			
	<i>Note</i> — This entry includes machinery and component parts thereof made of substances other than metal			
83	MACHINERY and component parts thereof, meaning machines or parts of machines to be worked by manual or animal labour.	..	<i>Ad valorem</i>	11 per cent
84	METALS, IRON AND STEEL.			
	IRON—		Rs. a.	
	ANGLE—			
	Angle and T, Best Yorkshire or Swedish and similar qualities.	ton	450 0	2½ ..
	.. other than Best Yorkshire or Swedish and similar qualities.	..	300 0	2½ ..
	.. other than Best Yorkshire or Swedish and similar qualities, if galvanized, tinned, or lead coated.	..	350 0	2½ ..
	All other sorts .. .. .	..	<i>Ad valorem</i>	2½ ..
	BAR, ROD AND CHANNEL, INCLUDING CHANNEL FOR CARRIAGES			
	Bar Best Yorkshire and similar qualities	ton	450 0	2½ ..
	.. Swedish and similar qualities ..	..	400 0	2½ ..
	.. Swedish and nail-rod, round-rod, and square under ½ inch in diameter ..	..	420 0	2½ ..
	.. Swedish and charcoal, if galvanized, tinned, or lead coated.	..	<i>Ad valorem</i>	2½ ..
	.. other kinds	ton	300 0	2½ ..
	.. other kinds nail-rod, round rod and square under ½ inch in diameter.	..	320 0	2½ ..
	.. other kinds if galvanized, tinned, or lead coated.	..	350 0	2½ ..
	Channel, including channel for carriages ..	..	340 0	2½ ..
	All other sorts .. .. .	..	<i>Ad valorem</i>	2½ ..
	PIG .. .. .	..	..	2½ ..
	RICE BOWLS .. .. .	..	..	2½ ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
	III.—Articles wholly or mainly manufactured.—<i>contd.</i>			
85	IRON OR STEEL—			
	ANCHORS AND CABLES .. .. .	..	<i>Ad valorem</i>	2½ per cent.
	BEAMS, JOISTS, pillars, girders, screw-piles, bridge work and other such descriptions of iron or steel imported exclusively for building purposes ; including also ridging, gut-tering and continuous roofing.	..	"	2½ "
	BOLTS, and nuts, including hook bolts and nuts for roofing.	..	"	2½ "
	HOOPS AND STRIPS—		Rs. a.	
	Hoops, Best Yorkshire or Swedish and similar qualities.	ton	475 0	2½ "
	" other than Best Yorkshire or Swedish, if galvanized, tinned, or lead coated.	"	425 0	2½ "
	" other kinds	"	350 0	2½ "
	Strips, Best Yorkshire or Swedish and similar qualities.	"	475 0	2½ "
	" if galvanized, tinned, lead coated, aluminium coated, chequered or planished.	"	425 0	2½ "
	" other kinds	"	350 0	2½ "
	NAILS, RIVETS AND WASHERS, ALL SORTS—			
	Iron or steel nails, rose, deck, wire and flatheaded	cwt.	28 0	2½ "
	" " " other kinds, including galvanized, tinned or lead coated.	"	50 0	2½ "
	Washers, iron or steel, plain or galvanized (excluding dome-shaped, spring or locking washers).	"	30 0	2½ "
	Washers, iron or steel, tinned or lead coated and dome-shaped, spring or locking washers.	..	<i>Ad valorem</i>	2½ "
	Rivets, iron or steel, all sorts	cwt.	30 0	2½ "
	PIPES AND TUBES, and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.	..	<i>Ad valorem</i>	2½ "
	RAILS, CHAIRS, sleepers, bearing and fish plates, spikes (commonly known as dog spikes,) switches, and crossings, other than those described in No. 96, also lever boxes, clips, and tie-bars.	..	<i>Ad valorem</i>	2½ "
	SHEETS AND PLATES, all sorts, excluding discs, and circles which are dutiable under No. 87—			
	Sheets and plates, Best Yorkshire and similar qualities.	ton	650 0	2½ "
	" " Swedish and charcoal	"	550 0	2½ "
	Plates, other kinds, above ½ inch thick	"	325 0	2½ "
	Sheets, other kinds, up to ½ inch thick	"	350 0	2½ "
	Sheet and plate cuttings	"	300 0	2½ "
	Sheets, Swedish and charcoal, if galvanized, tinned, or lead coated.	"	675 0	2½ "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. — Articles wholly or mainly manu- factured.— <i>contd.</i>				
METALS, IRON AND STEEL.— <i>contd.</i>				
IRON OR STEEL.— <i>contd.</i>				
			R. A.	
	Sheets (other than corrugated) other kinds if galvanized, tinned, lead coated, alu- minium coated or planished ; also chequer- ed plates.	ton.	425 0	2½ per cent
	Tinplates .. .. .	..	600 0	2½ ..
	Sheets, corrugated, galvanized or black ..	..	400 0	2½ ..
	WIRE, including piano-wire, fencing wire and wire rope, but excluding wire-netting (which is dutiable under No. 87).	..	<i>Ad valorem</i>	2½ ..
86	STEEL—			
	ANGLE—			
	Angle and T, if galvanized, tinned or lead coated.	ton	350 0	2½ ..
	" " " all other sorts .. ..	..	200 0	2½ ..
	BAR, ROD, AND CHANNEL, including channel for carriages—			
	Bar, Swedish, and similar qualities. . . .	..	400 0	2½ ..
	nail-rod, round-rod, and square, other than Swedish or similar qualities, un- der ½ inch in diameter.	..	320 0	2½ ..
	" galvanized, tinned, lead coated, plan- ished or polished.	..	350 0	2½ ..
	Bar, common merchant .. .. .	..	300 0	2½ ..
	" crucible, cast steel (tool steel) includ- ing—	..	<i>Ad valorem</i>	2½ ..
	(a) High speed.			
	(b) Carbon steel.			
	" high tensile steel .. .. .	..	<i>Ad valorem</i>	2½ ..
	Channel, including channel for carriages ..	ton	340 0	2½ ..
	Spring, blistered and tub steel (including bars.)	..	<i>Ad valorem</i>	2½ ..
	INGOTS, BLOOMS, BILLETS AND SLABS ..	..	..	2½ ..
87	All sorts of IRON AND STEEL and manufac- tures thereof, not otherwise specified— Iron or steel cans or drums, when imported containing petroleum, which is separate- ly assessed to duty under Nos. 33 and 34 namely:—			
	(1) Iron or steel cans, tinned	can.	0 6	11 ..
	(2) Iron or steel cans or drums, not tin- ned, of two gallons capacity—			
	(a) with faucet caps	can or drum	1 0	11 ..
	(b) ordinary .. .. .	..	0 4	11 ..
	(3) Iron or steel drums of four gallons capacity—			
	(a) with faucet caps	drum	2 4	11 ..
	(b) ordinary .. .. .	..	2 0	11 ..
	Iron or steel cans or drums when import- ed not containing petroleum.	..	<i>Ad valorem</i>	11 ..
	Iron or steel, all other sorts, including discs or circles and wire-netting.	..	..	11 ..

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
METALS, OTHER THAN IRON AND STEEL.				
88	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.	..	..	Free.
89	GOLD AND SILVER BULLION AND COIN ..	..	..	Free.
90	GOLD PLATE, GOLD THREAD and wire and GOLD MANUFACTURES, all sorts.	..	<i>Ad valorem</i>	20 per cent.
91	LEAD, sheets, for tea-chests .. .. .	..	<i>Ad valorem</i>	2½ per cent.
92	SILVER PLATE, SILVER THREAD and wire, AND SILVER MANUFACTURES, all sorts.	..	"	20 "
93	ALL SORTS OF METALS, OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified—		Rs. a.	
	Brass, patent or yellow metal, sheets and sheathing, weighing 1 lb. or above per square foot, and braziers, and plates.	cwt.	80 0	11 "
	" patent or yellow metal (including gun metal) ingots.	"	37 0	11 "
	" patent or yellow metal (old) ..	"	35 0	11 "
	" sheets, flat or in rolls, and sheathing weighing less than 1 lb. per square foot.	..	<i>Ad valorem</i>	11 "
	" wire .. .. .	..	"	11 "
	" All other sorts .. .. .	..	"	11 "
	Copper, bolt and bar, rolled .. .. .	..	"	11 "
	" braziers, sheets, plates and sheathing.	cwt.	80 0	11 "
	" sheets, planished .. .. .	..	<i>Ad valorem</i>	11 "
	" nails and composition nails ..	..	"	11 "
	" old	cwt.	45 0	11 "
	" pigs, tiles, ingots, cakes, bricks, and slabs.	"	55 0	11 "
	" China, white, copperware	lb.	4 8	11 "
	" foil or dankpana, white, 10 to 11 in. x 4 to 5 in.	hundred leaves.	6 8	11 "
	" foil or dankpana, coloured, 10 to 11 in. x 4 to 5 in.	"	7 8	11 "
	" wire, including phosphor-bronze ..	..	<i>Ad valorem</i>	11 "
	" all other sorts, unmanufactured and manufactured, except current coin of the Government of India, which is free.	..	"	11 "
	German silver .. .. .	..	"	11 "
	Lametta .. .. .	..	"	11 "
	Lead, all sorts (except sheets for tea chests)	..	"	11 "
	Quicksilver	lb.	2 6	11 "
	Shot, bird	cwt.	43 0	11 "
	Tin, block .. .. .	..	165 0	11 "
	Tin, foil, and other sorts .. .. .	..	<i>Ad valorem</i>	11 "
	Zinc or spelter, tiles, slabs or plates, hard or soft.	cwt.	30 0	11 "
	Zinc or spelter all other sorts, including boiler tubes.	..	<i>Ad valorem</i>	11 "
	All other sorts of metals, and manufactures thereof.	..	"	11 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.—<i>contd.</i>				
PAPER, PASTEBOARD AND STATIONERY.				
94	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.	..	..	Free.
95	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHE, PASTEBOARD, MILLBOARD, AND CARDBOARD all sorts, and STATIONERY including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards, in booklet form; including also wastepaper and old newspapers for packing; but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (<i>see</i> No. 94).	..	<i>Ad valorem</i>	11 per cent.
RAILWAY PLANT AND ROLLING STOCK.				
96	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turntables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trolleys, trucks, and component parts thereof; also the following articles when imported by or under the orders of a railway company, namely, cranes, water crane, water tanks and standards, wire and other materials for fencing.	..	<i>Ad valorem</i>	2½ per cent.
<p>Provided that for the purpose of this entry "railway" means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor-General in Council may, by notification in the <i>Gazette India</i>, specifically include therein.</p> <p>Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways and are, owing to their shape or other special quality, not adapted for any other purpose.</p>				

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured.— <i>contd.</i>				
YARNS AND TEXTILE FABRICS.				
97	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.	..	..	Free.
98	COTTON piece-goods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified.	..	<i>Ad valorem</i>	11 per cent.
99	SECOND-HAND OR USED GUNNY BAGS made of jute.	..	..	Free.
100	YARNS AND TEXTILE FABRICS, that is to say:—			
	Flax, twist and yarn and manufactures of flax.	..	<i>Ad valorem</i>	11 per cent.
	Haberdashery and Millinery excluding articles made of silk.	..	"	11 "
	Hemp manufactures	..	"	11 "
	Hosiery excluding articles made of silk	..	"	11 "
	Jute twist and yarn and jute manufactures, excluding second-hand or used gunny bags (<i>see</i> No. 99).	..	"	11 "
	Silk piece-goods, <i>Japan and Shanghai</i> (white and coloured)—			
	<i>Japan</i> —		Rs. a.	
	Plain paj, all kinds, including stripe, all printed, embossed and pineapples, all widths.	lb.	26 0	20 per cent.
	Plain and flowered satins, all kinds, including striped, printed and embossed (other than cotton and silk mixed), all widths.	"	32 0	20 "
	Plain and flowered twill, thama and junken all widths.	"	28 0	20 "
	Flowered paj, thama and junken, all widths.	"	26 0	20 "
	Fancies, all kinds, plain, flowered, printed and woven including georgettes, kobe-crepe, crepe-de-chine (chirmin), ninons and gauze, all widths.	"	37 0	20 "
	Khokaku plain and flowered, also silk-satin flowered, all kinds, including thama and junken, but excluding Jarina, all widths.	"	32 0	20 "
	Jarina (gold embroidered)	"	39 0	20 "
	Embroideries, all kinds, including apparel, all widths.	"	52 0	20 "
	Apparel other than embroidered including shawls, mufflers, handkerchiefs and hosiery other than cotton and silk mixed).	"	48 0	20 "
	Apparel, Dupetas (including Burmese scarves), all kinds.	"	29 0	20 "
	Cotton and silk mixed satins, all kinds and all widths	"	11 0	20 "
	Cotton and silk mixed hosiery, all kinds	"	30 0	20 "
	Cotton and silk mixed Boseki, all kinds and all widths.	"	9 0	20 "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III. Articles wholly or mainly manufactured.—<i>contd.</i>				
YARNS AND TEXTILE FABRICS—<i>contd.</i>				
<i>Shanghai—</i>				
	Honans, including striped, all kinds and all widths.	lb.	Rs. A. 12 0	20 per cent.
	Shantungs, including striped, all kinds and widths.	"	5 8	20 "
	Corded, including striped, all kinds (except woochow) and all widths.	"	8 0	20 "
	White cord (woochow) including striped all kinds and all widths.	"	18 0	20 "
	Crepe, gauze, paj, plain and flowered, including striped, all kinds and all widths.	"	21 0	20 "
	Fancies, all kinds and all widths	"	29 0	20 "
	Silk piece-goods, other than Japan and Shanghai, and other manufactures of silk ..	"	<i>Ad valorem</i>	20 "
	Silk yarn, noils and warps, and silk thread ..	"	11	"
	Woollen yarn, knitting wool and other manufactures of wool including felt.	"	11	"
	All other sorts of yarns and textile fabrics, not otherwise specified.	"	11	"
MISCELLANEOUS.				
101	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.	"	<i>Ad valorem</i>	21
102	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	"	"	Free.
103	ART, works of, excluding those specified in No. 102.	"	<i>Ad valorem</i>	11
104	Books, printed, including covers for printed-books, maps, charts, and plans, proofs, music and manuscript.	"	"	Free.
105	BRUSHES AND BROOMS	"	"	11
106	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk, and lime, clay, pipes or earthenware, tiles and all other sorts of building and engineering materials not otherwise specified.	"	"	11
107	CANDLES	"	"	11
108	CINEMATOGRAPH FILMS— Positive Films	Foet.	0 4	20
	Other Films	"	<i>Ad valorem</i>	20 per cent.
109	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.	"	"	11
110	FIREWORKS	"	"	10
111	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing, and other vessels.	"	"	11
112	Ivory, manufactured	"	"	20
113	JEWELLERY AND JEWELS	"	"	20

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manu- factured.—<i>contd.</i>				
MISCELLANEOUS. <i>contd.</i>				
114.	MATCHES—		Rs. A.	Rs. A.
	(1) In boxes containing not more than 100 matches.	Gross of boxes.	..	0.12
	(2) In boxes containing more than 100 matches.	For every 100 matches or fraction thereof in each box, per gross of boxes.	..	0.12
115	MATS AND MATTING .. .. .	..	<i>Ad valorem</i>	11 per cent.
116	OILCAKES .. .. .	..	"	11 "
117	OILCLOTH AND FLOOR CLOTH .. .. .	..	"	11 "
118	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming a component part of any article included in No.82 and No. 96.	..	<i>Ad valorem</i>	11 "
119	PERFUMERY, excluding perfumed spirits (see No. 10)—			
	Gowla, husked and unhusked	cwt.	85 0	11 "
	Kapurkachri (zedoary)	"	25 0	11 "
	Patch leaves (patchouli)	"	25 0	11 "
	Rose-flowers, dried	"	30 0	11 "
	Rose-water	Imperial gallon.	5 0	11 "
120	PITCH, TAR AND DAMMER .. .. .	..	<i>Ad valorem</i>	11 "
121	PNEUMATIC RUBBER TYRES AND TUBES for motor cars, motor lorries, motor cycles, motor scooters, bicycles and tricycles.	..	"	20 "
122	POLISHES AND COMPOSITIONS. .. .. .	..	"	11 "
123	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, and lithographic stones, stereoblocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, army presses, copper plate, printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines, leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and pageing and numbering machines, but excluding paper (see No. 95).	..	"	2½ "

SCHEDULE II.—IMPORT TARIFF.—*contd.*

No.	Names of Articles.	Per	Tariff Valuation.	Duty.
III.—Articles wholly or mainly manufactured —<i>contd.</i>				
MISCELLANEOUS.—<i>contd.</i>				
124	PRINTS, ENGRAVINGS AND PICTURES, including photographs and picture-cards.	..	<i>Ad valorem</i>	20 per cent.
125	RACKS for the withering of tea leaf ..	..	..	2½ ..
126	RUBBER tyres and other manufactures of rubber, not otherwise specified (see No. 121)	..	..	11 ..
127	SHIPS AND OTHER VESSELS for inland and harbour Navigation, including steamers, launches, boats and barges, imported entire or in sections.	..	..	2½ ..
128	SMOKERS' REQUISITES, excluding tobacco (see Nos. 25 to 27) and matches (No. 114).	..	..	20
129	SOAP .. .. .	..	..	11 ..
130	STARCH AND FARINA .. .. .	..	..	11 ..
131	STONE AND MARBLE, and articles made of stone and marble.	..	..	11 ..
132	TEA-CHESTS of metal or wood, wheather imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.	..	..	2½ ..
133	TOILET REQUISITES, not otherwise specified.	..	..	11 per cent.
134	TOYS, games, playing cards and requisites for games and sports.	..	..	20 ..
135	UMBRELLAS, including parasols and sun-shades, and fittings therefor.	..	..	11 ..
136	ALL OTHER ARTICLES wholly or mainly manufactured, not otherwise specified.	..	..	11 ..
IV.—Miscellaneous and unclassified.				
137	ANIMALS, living, all sorts .. .. .	..	..	Free.
138	CORAL .. .. .	..	<i>Ad valorem</i>	11 per cent.
139	SPECIMENS illustrative of natural science, and medals and antique coins.	..	..	Free.
140	ALL OTHER ARTICLES NOT OTHERWISE SPECIFIED, idling articles unimported by post.	..	<i>Ad valorem</i>	11 per cent.

SCHEDULE III.—EXPORT TARIFF.

No.	Names of Articles.	Per	Tariff Valuation.	Duty
	JUTE OTHER THAN BIMLIPATAM . JUTE.		R. A. P.	R. A.
1	RAW JUTE— (1) Cuttings	Bale of 400 lbs.	..	1 4
2	(2) All other descriptions .. .. .	.. ..	..	4 8
	JUTE MANUFACTURES when not in actual use as coverings, receptacles or bindings for other goods—			
	(1) Sacking (cloth, bags, twist, yarn, rope and twine).	Ton of 2,240 lbs.	..	20 0
	(2) Hessians and all other descriptions of jute manufactures not otherwise speci- fied.	.. ..	..	32 0
	RICE			
3	RICE, husked or unhusked, including rice flour, but excluding rice bran and rice dust, which are free.	Indian maund of 82 2·7 lbs. avoirdupois weight.	..	0 3
	TEA.			
4	TEA	100 lbs.	..	1 8
5	RAW HIDES AND SKINS IF EXPORT- ED FROM BURMA.			
	(1) ARSENICATED AND AIR-DRIED HIDES—			
	(a) Cows (including calf skins)	lb.	0 5 0	15 per cent.
	(b) Buffaloes (including calf skins) .. ..	..	0 2 0*	15 ..
	(2) DRY SALTED HIDES—			
	(a) Cows (including calf skins) .. ..	..	0 2 0*	15 ..
	(b) Buffaloes (including calf skins) .. ..	..	0 1 0*	15 ..
	(3) WET SALTED HIDES—			
	(a) Cows (including calf-skins) .. ..	..	0 3 0*	15 ..
	(b) Buffaloes (including calf skins) .. ..	..	0 1 0*	15 ..
	(4) GOAT AND KID SKINS	Piece	1 0 0	15 ..
	(5) SHEEP SKINS .. .. .	..	0 8 0	15 ..
6	RAW HIDES AND SKINS IF EXPORT- ED FROM ANY PLACE IN BRITISH INDIA OTHER THAN BURMA.			
	(1) ARSENICATED AND AIR DRIED HIDES—			
	(a) Cows (including calf skins) Framed ..	lb.	0 6 0*	15 per cent.
	Unframed .. ..	..	0 2 6*	15 ..
	(b) Buffaloes (including calf skins) Framed .. ..	..	0 2 6*	15 ..
	Unframed .. ..	..	0 1 6*	15 ..
	(2) DRY SALTED HIDES—			
	(a) Cows (including calf skins) .. ..	..	0 2 0*	15 ..
	(b) Buffaloes (including calf skins) .. ..	..	0 1 0*	15 ..
	(3) WET SALTED HIDES—			
	(a) Cows (including calf skins) .. ..	..	0 3 0*	15 ..
	(b) Buffaloes (including calf skins) .. ..	..	0 1 0*	15 ..
	(4) GOAT AND KID SKINS	Piece	1 0 0	15 ..
	(5) SHEEP SKINS .. .. .	..	0 8 0	15 ..

N.B.—Provided that, subject to such conditions as the Governor General in Council may by notification in the *Gazette of India* prescribe, a rebate shall be granted to the exporter of two-thirds of the duty levied on hides or skins exported to any part of His Majesty's dominions or of the territories of any Indian Prince or Chief under the suzerainty of His Majesty or of any territories under the protection of His Majesty or in respect of which a mandate of the League of Nations is exercised by the Government of any part of His Majesty's dominions.

*With effect from 16th April 1921.

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